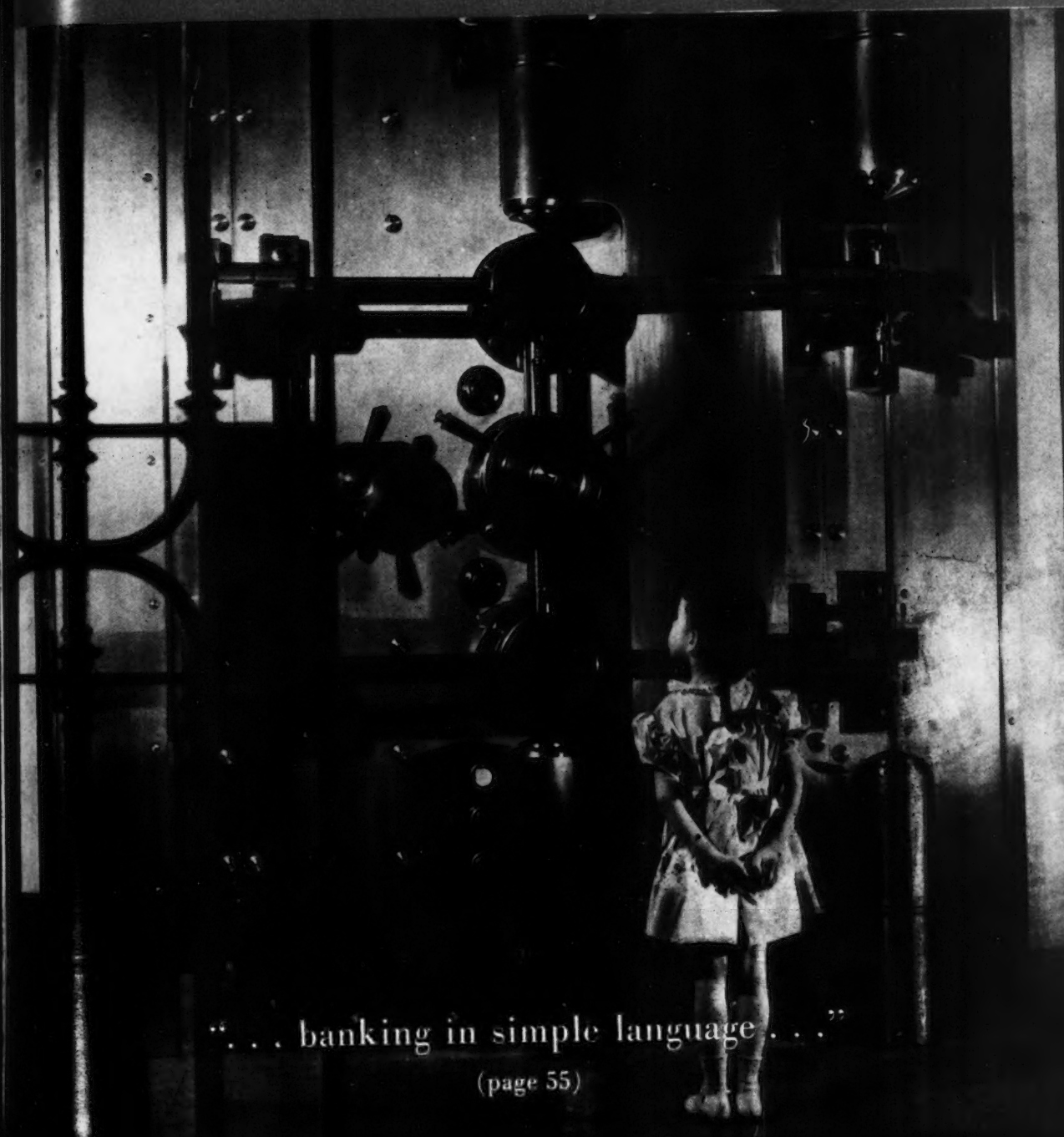


We Have Homework to Do (page 33)

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MAY 1948



"... banking in simple language ..."

(page 55)

# You make the loans

# We make them safe

The problem of banks today is not only how to make **more** loans but how to make them **safer**. With a growing demand for extra cash working capital on the part of business — and with inventories at an all-time high of 38 billion dollars — more and more banks are turning to field warehousing as a means of safeguarding their commercial loans.

Douglas-Guardian — "the bankers' field warehouse company" — has served more than 2500 banks throughout the country and field warehoused more than 400 different types of items. We issue bona fide warehouse receipts without moving inventory off the borrower's premises and cooperate with you and your customers in working out sound, profitable loan transactions.

## DOUGLAS - GUARDIAN

WAREHOUSE CORPORATION

*"The Bankers' Field Warehouse Company"*



NEW ORLEANS 1, La., 118 North Front St.

NEW YORK 4, N. Y., 50 Broad St.

CHICAGO 2, Ill., 173 W. Madison St.

ATLANTA 3, Ga., Hurt Bldg.

CLEVELAND 14, Ohio, Union Commerce Bldg.

DALLAS 1, Texas, Tower Petroleum Bldg.

EASTON, Md., 438 South Street

LOS ANGELES 14, Calif., Garfield Bldg.

MEMPHIS 3, Tenn., Porter Bldg.

PHILADELPHIA 2, Pa., Girard Trust Bldg.

PORTLAND 4, Ore., U. S. Nat'l Bank Bldg.

ROCHESTER 4, N. Y., Commerce Bldg.

SAN FRANCISCO 4, Calif., 300 Montgomery St.

SPRINGFIELD 3, Mass., 172 Chestnut St.

SPRINGFIELD, Mo., Holland Bldg.

TAMPA 2, Fla., 416 Tampa St.

EL PASO, Tex., First Nat'l Bank Bldg.

HARTFORD 5, Conn., 945 Asylum Ave.

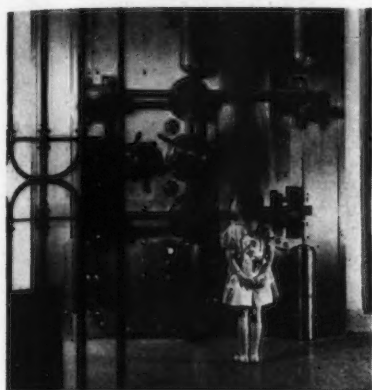
KANSAS CITY, Mo., 1207 Grand Ave.

JACKSONVILLE 1, Fla., 601 Florida Theater Bldg.

PHOENIX, Ariz., 1516 Flower Circle North

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



## THIS MONTH'S COVER

Miss Penny, who appears on our cover, is introduced to readers on page 55. She is the theme of a series of advertisements of the First National Bank of Canton, Ohio

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May 1948

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# STICKING TO IT



Perseverance is an attribute of success.  
 Nation-wide recognition of La Monte  
 Check Paper as the leader in its field  
 is doubtless due in no small part to the  
 fact that George La Monte & Son have  
 made one product and only one product  
 — safety paper — for more than three  
 quarters of a century.

## *La Monte* **SAFETY PAPER FOR CHECKS**

GEORGE LAMONTE & SON, NUTLEY, NEW JERSEY



THE HEAVY LINES ARE A LAMONTE TRADE-MARK

### *A Check Paper All Your Own*

Thousands of banks and many of the larger corporations  
 use La Monte Safety Papers with their own trade-mark or  
 design made in the paper itself. Such INDIVIDUALIZED check  
 paper provides maximum protection against both altera-  
 tion and counterfeiting — makes identification positive.







### After Three Years

**B**ANKING's editorial this month (page 33) is concerned with the three years that have passed since the Germans, for the second time in a generation, said they'd had enough.

Great events have been so numerous and so close together in this brief interval that memory easily misplaces not only the approximate dates but the happenings themselves. The article recalls the sequence and sets it against the background of what business was doing between the Nazi surrender and America's first steps, in the Spring of 1948, toward the rearmament that would again change the pattern of living and working.

### Stop, Look . . . !

**C**LEVERLY camouflaged by Artist DICK ERICSON, several mantraps for the unwary, careless and/or inexperienced home-builder lurk on pages 48 and 49. You'll chuckle—and then maybe you'll want to show this cartoon story to prospective builders among your customers or friends.

### The Skill of Leadership

**F**OR two years the CENTRAL HANOVER BANK AND TRUST COMPANY of New York has been conducting the Job Relations Training program developed during the war.

The bank's satisfactory experience

with this method of developing leadership among employees is set forth in the article on page 38. It also explains the mechanics of conducting the course.

In case you've mislaid the definition, JRT, as applied to banking, is "an intensive training plan designed to develop the skill of leadership in bank employees who act in a supervisory capacity." Since the entire effort is concerned solely with the development of this skill, the program is adaptable to any bank, regardless of size.

### Credit Information

**A** SYSTEM of credit information files for the smaller bank is described this month by A. F. ADAMS, vice-president and cashier of the Oak Park (Illinois) National Bank in "Finger-tip Credit Control" (page 36).

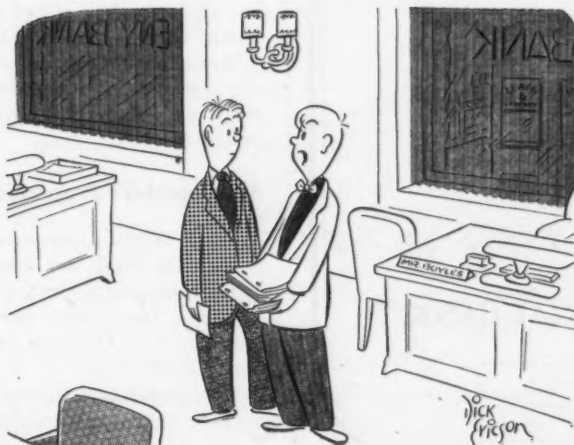
Realizing that these banks needed better credit records, the Robert Morris Associates set up a committee to develop a file. After a year's work, the committee recommended a basic system offering a wide choice of folders and a standard set of dividers. One or more sections can be omitted, or others added, without impairing the file's efficiency.

It's easy to operate; in Oak Park National the work is done by an officer's secretary. The article explains what the file is, how it's used and maintained.

### Farm Land Prices

**T**HIS month BANKING makes another report on farm land prices. The index compiled by the Bureau of Agricultural Economics stood at 170 on March 1 as compared with 159 a year ago, so the trend is still up. The recent figure represents a rise to the 1920 inflation peak.

"I think the main difference is an officer can look out the window occasionally, while a clerk must look like he's working"



## On the credit side

One of our strongest assets is an intangible one. It's our day-to-day contact with and intimate knowledge of commercial credit—of the workings of manufacturing, wholesaling, retailing and special types of loans. For more than 80 years, we have served this field; and the experience has won us a lot of friends.

Why not list this useful experience among your assets? Correspondents in many key sections of the country have done so profitably. We'd like to put our twenty-four-hour-a-day facilities to work for you, too.

## CENTRAL-PENN NATIONAL BANK

OF PHILADELPHIA

Seventh and Chestnut Streets



TO GUESS OR  
TO KNOW...

TO GUESS is expensive when it costs so little to know. American Appraisal Service removes uncertainty about property values.

The **AMERICAN  
APPRAISAL**  
Company

Over Fifty Years of Service  
OFFICES IN PRINCIPAL CITIES

—SPECIALISTS IN—

## United States Government Securities



## State and Municipal Bonds



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48 Wall Street, New York 5

HA 2-2727

Chicago • Boston • Philadelphia • Pittsburgh • Cleveland  
Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices

## CANADIAN COLLECTIONS

Manufacturers National Bank of Detroit has the location, the connections and the facilities for prompt collections in Canada.

Your bank is invited to join the growing list of banks which route Canadian collection items through Manufacturers National.

### MANUFACTURERS NATIONAL BANK OF DETROIT

Member Federal Deposit Insurance Corporation



"Certainly I want the ribbon kept on it—this money was a gift!"

The 11-point gain (7 percent) from 1947 to 1948 was the smallest in recent years, notes the Agricultural Commission of the American Bankers Association in its commentary on the index.

"States showing the greatest increase in farm land prices during the past year," says the Commission, "are those in the wheat and beef producing areas." Thus the record prices for grain and meat have had their effect on the prices of acreage.

The Commission cites figures to show that the American farmers' financial position is the strongest on record. On the other hand, their production costs have been increasing. The Commission warns that "when prices in general start to recede, those on farm commodities tend to drop faster than those on things the farmer buys," and then "a reduced net farm income may not support a debt placed on land purchased during a period of high prices."

Maps and state charts provide visual pictures of what's been happening to farm real estate prices over the last several decades.

#### Mr. Churchill's Preposition

JOHN J. McCLOY, president of the International Bank for Reconstruction and Development, related a choice WINSTON CHURCHILL anecdote at a meeting of the Overseas Press Club in New York.

Mr. CHURCHILL, after spending many hours on an important wartime address, (CONTINUED ON PAGE 6)

Page advertisement  
currently appearing in  
national magazines.



**1/10 of the nation's market... that's California!**

California is the number one state in motor vehicle registrations. Last year the three million cars and trucks in this state traveled 32 billion miles over California highways. That's why manufacturers of automobiles, trucks, tires, and accessories know that the full development of this concentrated market is of major importance in their selling program.



**Statewide sales approach to California... that's Bank of America!**

All California highways lead to Bank of America, for the branches of this ONE bank serve 315 communities in the state. Almost anything you want to know about California as a market or about any spot in California, this bank can tell you.



"WHAT'S HAPPENING IN CALIFORNIA" is a new book just published by Bank of America which presents accurate, up to date information about this state's growing market. What's happening in buying power, retail sales, and manufacturing — these are a few of the basic factors covered in this book. For your free copy, write Bank of America, Department AD, San Francisco, or Department AD, Los Angeles.



Bank of America, with resources of more than \$5 billion, is a member of the Federal Reserve System and Federal Deposit Insurance Corporation. Main offices in the two Reserve cities of California — San Francisco and Los Angeles. New York representative offices, 44 Wall Street. Foreign branches in London, Manila and Tokyo. Correspondents throughout the world. Bank of America Transfers Cheques are available at authorized banks and agencies everywhere.

*Some of your own customers*

have a stake in the great California market—a good reason why you should have a correspondent account with Bank of America—California's only statewide bank. Write for special introduction card kits—a convenience for your friends and customers when coming to California.



## Who Said: "No More Frontiers"?

There's room for business expansion and development in Canada—the kind of opportunity which the American West provided a century ago, but with a difference—Canada is equipped with great railroads, splendid highways, organized markets, modern facilities.

If any customers of your bank are considering extension into Canada or expansion of facilities there, you are invited to get in touch with us. With 540 branches across Canada we are in a position to be helpful to you.

*Monthly Commercial Letter mailed regularly upon request*

### THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

540 Branches Across Canada

NEW YORK SEATTLE PORTLAND, ORE. SAN FRANCISCO LOS ANGELES

#### INFORMED ACTION IS THE KEY TO SUCCESSFUL INVESTING

**TAX EXEMPT  
VS  
TAXABLE  
BONDS**

#### The Taxation Factor in Investing

Tax exemption in bonds is a feature of varying value to different investors. To some it is a luxury; to others, a necessity. The problem is to obtain the exact degree of tax exemption which fits the individual income. The large investor must pay so high a tax rate that tax exempt bonds may yield the same or a better *net* return than taxable bonds paying a much higher interest rate. On the other hand, the investor of moderate income might be paying for a value he could not use in buying any, or too large a proportion of, tax exempts.

#### Taxables or Tax Exempts?

Available without obligation is a clear, understandable folder with tabulations, based upon the Revenue Act of 1948, to assist in determining which type of bond is more profitable for investors; also available is a chart helpful to banks and other corporations with taxable incomes in brackets ranging from under \$5,000 to over \$50,000.

*Use this request form—at no cost.*

HALSEY, STUART & CO. INC.  
123 S. La Salle Street, Chicago 90, Illinois  
Gentlemen: Please send me, without cost or obligation, "Tax Charts" for Investors and for Banks and Other Corporations.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

KC-24

**HALSEY, STUART & CO. INC.**

123 SOUTH LA SALLE STREET, CHICAGO 90 • 35 WALL STREET, NEW YORK 5 • AND OTHER PRINCIPAL CITIES

#### JUST A MINUTE—Continued

sent the finished manuscript to the Foreign Office for comment. It was returned to him the next day. Quite all right, said the FO, except that the Prime Minister had ended one of his oratorical periods with — of all things! — a preposition. A purist in the Office had neatly circled the offending part of speech.

Mr. CHURCHILL was, to put it mildly, irate. Back to the FO went a note:

"This is the type of arrant pedantry up with which I will not put!"

The story was preserved for posterity by the New York *World-Telegram's* FRANK FARRELL.

#### Nadler on Bank Investments

THOUSANDS of American bankers are familiar with the lucid analyses of monetary and investment matters by Dr. MARCUS NADLER, Professor of Finance at New York University.

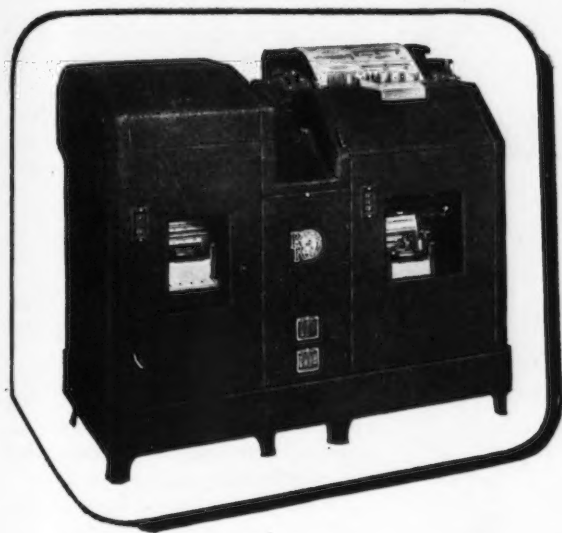
We publish one of these discussions on page 41 under the title "World Events and Bank Investments." Although intended primarily for savings bankers, its timeliness for all bankers is sharpened by the prospect of a rearmament program, a possibility which Dr. NADLER takes into account.

He concludes that the monetary authorities can indefinitely maintain rates on government securities and will continue to support them *unless* "inflationary pressure of substantial magnitude (CONTINUED ON PAGE 8)

"Just because I'm new, Mr. Lang, you needn't show me the department proof—I'll believe you!"







# Our 40<sup>th</sup> is our FINEST

FOR 40 YEARS . . . Remington Rand has been THE source of major punched-card developments. That's why our anniversary line of punched-card accounting machines is the *finest* available anywhere today.

For example: the new Alphabetical Tabulator and Summary Punch shown above. It's the *only* punched-card accounting machine that prints letters and numbers *anywhere* on a report—a hundred on each line if desired—at a hundred lines a minute. And it punches summaries of your business figures into tabulating cards . . . at the same speed . . . the *instant* they're printed on your reports.

It's typical of Remington Rand pacemaking . . . pacemaking that, in the past 40 years, has contributed these and many other punched-card advances:

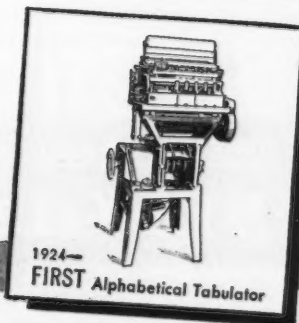
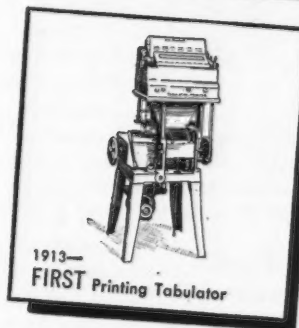
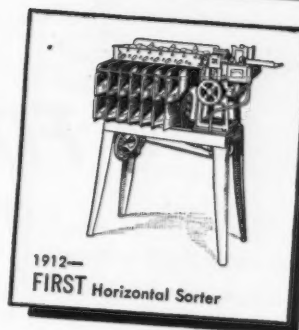
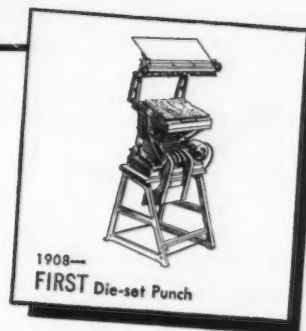
- FIRST Instantaneous Summary Punch
- FIRST Synchro-Matic Punch and Bookkeeping Machine
- FIRST Reproducing Punch
- FIRST 90-column tabulating card
- FIRST Alphabetical Interpreter
- FIRST Automatic Carriage
- FIRST Interfiling Reproducing Punch

And, with 40 years of outstanding progress behind us . . . with the greatest production and research program in our history now in full swing—Remington Rand offers assurance of *continuing* leadership.

We'll gladly send full information about punched cards as applied to your type of business, to your particular problems. Just write Tabulating Machines Division, 315 Fourth Avenue, New York 10, N.Y.

## Remington Rand

FOR 40 YEARS . . . PUNCHED-CARD PACEMAKER

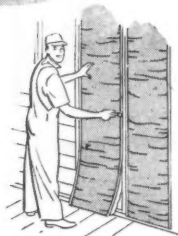


## What about the Investment Aspects of Insulation?



# FIBERGLAS\*

offers *extra* values



Efficient insulation materially reduces heating costs, a saving which may directly help a borrower to meet his mortgage commitments. Because of its *lastingly high* effectiveness as a barrier to heat loss, FIBERGLAS Insulation represents an extra value to the lending agency.

FIBERGLAS is a permanent insulation. Light in weight, highly resilient, it will not disintegrate or settle. And, because it is made of glass, it helps protect against fire, is unaffected by moisture, provides no attraction or sustenance for insects or vermin.

In addition, the public's familiarity with, and acceptance of, FIBERGLAS Insulation contributes to higher resale value.

This combination of features, unique in FIBERGLAS Insulation, makes this form of ageless mineral wool the outstanding insulation for homes and other buildings. Product of Owens-Corning Fiberglas Corporation, Dept. 2041, Toledo 1, Ohio.

In Canada: Fiberglas Canada Ltd., Toronto, Ontario.

OWENS-CORNING  
**FIBERGLAS**

**BUILDING  
INSULATION**

\*FIBERGLAS is the trade-mark (Reg. U.S. Pat. Off.) for a variety of products made of or with glass fibers by Owens-Corning Fiberglas Corporation.

## JUST A MINUTE—Continued

should set in again and the spiral between wages and prices should be accelerated."

With characteristic clarity, Dr. NADLER also discusses the principles of savings fund investment and offers a program therefor.

## Now, Junior . . . !

WHEN a child opens an account at Brooklyn's Green Point Savings Bank, the process includes the finger-printing of the youthful depositor.

The other day a nine-year-old potential saver, escorted by his dad, was much impressed by this part of the ceremony. He listened intently when the teller jested:

"Well, Johnny, you'll have to be a good boy now because we have your finger prints on file."

The next week, reports the *Savings Bank News*, published by the Savings Banks Association of the State of New York, Pop brought in another new customer, his younger son, aged seven. As the teller began the finger printing the father said:

"You know, we used to have a good deal of trouble with the older fellow—but things have been different since his finger prints were placed 'on file.' My wife and I are now hoping for the same reaction from this one."

## ERP and Banks

THE European Recovery Program should bring little change in America's way of doing business in Europe or elsewhere, says THOMAS C. BLAISDELL, assistant to the Secretary of Commerce for International Trade.

In an interview with HERBERT BRATTER ("World Trade, ERP and the Banker," page 46), Mr. BLAISDELL, who is also director of the Office of In-

(CONTINUED ON PAGE 10)



"Best door I ever had. Got the idea from a bank in Juneau."

**BANKING**

## Mr. Banker:

THIS ADVERTISEMENT is reaching businessmen throughout the country—through the pages of Business Week, Nation's Business, Dun's Review and other publications.

It is also of interest to YOU: in fact, any modern form of insurance protection is of interest to trust officers and other bank executives who are concerned with the management of businesses of the bank's clients. The loss of the valuable papers and records of such clients could be an extremely serious matter were no financial reimbursement available in the form of a Valuable Papers Policy.

## Insurance... and YOU

#7 of a series of informative articles  
on insurance and bonding.

# What would it cost to replace your essential business records?

Have you ever stopped to consider what a heavy investment in work and money has gone into your business records—the correspondence files, manufacturing and sales records and accounts, customer lists, employee and payroll records, engineering drawings, miscellaneous reports, and all the other vast accumulation of data in daily use in your operations?

Estimate the value represented and you'll have some idea of the expense you'd be put to just to restore the indispensable portions of this information, should it be lost, destroyed, or substantially damaged by fire, flood, explosion, or any other cause.

The possibility of a loss is such a serious risk, and would cost you so much money, that it should be covered by insurance. Ideal for the purpose is the Hartford Valuable Papers Insurance Policy which:

1. Covers business records and all papers\* used in business activities, against loss due to fire, explosion, windstorm, theft, and any other cause (except misplacement or mysterious disappearance, wear and tear, deterioration, vermin, and acts of war).

\*Currency, stamps, coupons and securities, checks, drafts, notes, or other written evidence of indebtedness or obligation are not covered by the policy

2. Covers such property in your office, in transit to a place of greater security, and in the more secure location. Papers taken off the premises for business purposes are covered up to 10% of the total insurance carried, subject to a limit of \$5,000.
3. Guarantees that the Hartford will either replace or reproduce lost or damaged records or papers or pay in cash up to the limits of insurance carried, the actual costs of making such replacement. (Unless specifically insured for a higher amount, there is a limit of 5% of the total insurance on any one record or paper, subject to a maximum payment of \$5,000.)

Your Hartford agent or your own insurance broker will gladly furnish details of this low-cost, broad protection. Send for a sample policy contract.

# HARTFORD

HARTFORD FIRE INSURANCE COMPANY

HARTFORD ACCIDENT AND INDEMNITY COMPANY

HARTFORD LIVE STOCK INSURANCE COMPANY



Writing practically all forms of insurance except personal life insurance  
Hartford 15, Connecticut



**Incomplete Coverage**  
No Insurance Program  
designed to protect and  
conserve assets is complete  
without Credit Insurance.

## ARE YOUR CUSTOMERS PROTECTED AGAINST THIS GROWING DANGER?

**P**ROFITS ARE ENDANGERED by mounting credit losses. That's why an increasing number of banks advise their customers to carry American Credit Insurance . . . why some banks even insist on this added protection in granting commercial loans. *The bank may now be included as a named assured without charge.*

Your customers should realize that their accounts receivable are important assets *at all times* . . . subject to risk *at all times* . . . should be protected *at all times*.

Manufacturers and wholesalers throughout the country . . . in over 150 lines of business . . . are already protected by American Credit Insurance . . . which **GUARANTEES** PAYMENT of your customers' accounts receivable for goods shipped . . . pays your customer when his customers can't.

Why not send for our book, "HOW TO PLAN CREDIT POLICY." It gives you important facts on American Credit

Insurance . . . tells you valuable information about setting up sound credit policies . . . will help you solve customers' credit problems and prevent an excessive number of delinquent accounts.

Phone the American Credit office in your city or write American Credit Indemnity Co. of New York, Dept. 45, Baltimore 2, Md., for a copy of "How to Plan Credit Policy."



*J. F. Fadden*  
PRESIDENT



# American Credit Insurance

**GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE**

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

## JUST A MINUTE—Continued



"Please, sir—can't you wait in line with the rest of the customers?"

ternational Trade, asserts that under ERP normal commercial methods will not be replaced by government-to-government trade. "Private trading channels will undoubtedly be used for most of the commodities that will be sent to Europe" and "the banker will continue to perform an essential function in securing payment to the exporter for his goods."

Mr. BLAISDELL answers a number of pertinent questions in this interview. He also points out how bankers can use the services of the Office of International Trade.

## 25 Years, Chinese Style

**W**HEN the time came for The Chase Bank, Shanghai, to present 25-year service watches to several members of its staff, Manager Eric A. G. PETERSEN realized that he had a problem. So he wrote the home office in New York:

"We hope you will have no difficulty in finding an engraver capable of engraving the watches with the Chinese dialect characters, since the Romanized version would not mean very much after these employees leave our service and perhaps return to their native villages."

He enclosed nine names, written in Chinese.

New York headquarters, asserts *The Chase*, was equal to the occasion, and the watches, correctly engraved, were duly delivered to the Shanghai branch.

## Living Textbooks

**B**ANKING isn't an educator, and perhaps it shouldn't trespass on academic terrain. But trespass it did, although with repertorial privilege, of course. The result of the excursion is this issue's article on how colleges teach business and banking subjects.

(CONTINUED ON PAGE 12)





## How world trade is reflected in a bank statement...

Today, when you enjoyed your morning coffee, it may not have occurred to you that because of that coffee, or tea, or other imported product that you use every day, some person in a foreign country may buy bread tomorrow. Such exchanges of goods between countries are facilitated by your bank!

In the statement below, under the items "Loans, Bills Purchased, etc.," "Outstanding Acceptances," and elsewhere, is reflected the fact that Manufacturers Trust Company handles millions of dollars of foreign banking transactions: Financing the export of a cargo of wheat flour . . . aiding in the import of a scarce raw material . . . issuing

commercial letters of credit to firms with international business . . . furnishing travelers' letters of credit to individuals . . . and making possible personal remittances to relatives and friends abroad. Many of these transactions help provide foreign countries with the purchasing power to buy American products.

This is but one phase of Manufacturers Trust Company's many activities designed to serve the needs of individuals and the larger interests of your community. It is another chapter in the story of money at work — worldwide; it reflects your bank's part in the promotion of world commerce.

*Harvey S. Libson*  
PRESIDENT

### CONDENSED STATEMENT OF CONDITION

As at close of business March 31, 1948

RESOURCES	
Cash and Due from Banks . . . . .	\$ 558,277,393.49
U. S. Government Securities . . . . .	1,080,513,834.90
U. S. Government Insured F. H. A. Mortgages . . . . .	3,073,067.99
State and Municipal Bonds . . . . .	30,359,954.29
Stock of Federal Reserve Bank . . . . .	3,037,500.00
Other Securities . . . . .	23,271,935.68
Loans, Bills Purchased and Bankers' Acceptances . . . . .	496,448,941.01
Mortgages . . . . .	13,810,195.57
Banking Houses . . . . .	10,257,443.85
Other Real Estate Equities . . . . .	233,980.73
Customers' Liability for Acceptances . . . . .	7,019,647.19
Accrued Interest and Other Resources . . . . .	5,578,025.98
	<u>\$2,231,881,920.68</u>
LIABILITIES	
Capital . . . . .	\$41,250,000.00
Surplus . . . . .	60,000,000.00
Undivided Profits . . . . .	24,005,172.09
	<u>\$125,255,172.09</u>
Reserve for Contingencies . . . . .	6,880,063.00
Reserves for Taxes, Unearned Discount, Interest, etc. . . . .	4,346,684.14
Dividend Payable April 1, 1948 . . . . .	1,237,500.00
Outstanding Acceptances . . . . .	7,365,435.51
Liability as Endorser on Acceptances and Foreign Bills . . . . .	1,113,798.55
Deposits . . . . .	2,085,683,267.39
	<u>\$2,231,881,920.68</u>

United States Government and other securities carried at \$64,334,653.75 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

## Manufacturers Trust Company

Head Office: 55 Broad Street, New York 15, N. Y.

MORE THAN 75 COMPLETE BANKING OFFICES IN GREATER NEW YORK

Member Federal Deposit Insurance Corporation

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## BANK OF MONTREAL

ESTABLISHED 1817

Provides *American Correspondent Banks* with modern, experienced service  
—the outcome of over 125 years' successful operation.

### Our Historical Firsts

- First permanent bank in British North America
- First to establish Branch Banking in Canada
- First bank in the capital of Lower Canada
- First bank in the capital of Upper Canada
- First permanent bank west of the Great Lakes
- First institution to provide Canada with a domestic currency (both bills and coinage)
- First bank to assist in financing foreign trade of Canada
- First banker for the Government of Canada

Inquiries regarding correspondent relationships and our facilities may be addressed to any of our American offices or to the Head Office.

NEW YORK: 64 Wall Street      CHICAGO: 27 South LaSalle St.  
SAN FRANCISCO: 333 California St.

### HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland

ASSETS TOTAL OVER \$1,700,000,000

## NUMBERED PRINTING

There is something impressive about numbered printing. Whether the numbers appear on football tickers, or tax stamps, or currency, or credit cards, or bonds or bank checks, they seem to say, "We have been counted, we are recorded, treat us with respect."

And so all DeLuxe Personalized Checks are consecutively numbered. It eliminates waste. It simplifies reconciliation. It encourages orderliness. It sets up better control all the way along the line and it is worth the trouble.

Naturally numbering presents an

additional chance for error in printing, and it necessitates careful maintenance of temperamental machines and requires somewhat more skill on the part of the press operator, but it provides the plus factor that Personalized Checks need to give them the dignity which they in turn give to financial transactions.

Printed numbers are as much a part of DeLuxe Personalized Checks as the high-grade safety paper, the top quality printing, the attractive gold-stamped cover or the striking red box. They complete our package. They cost you nothing extra.



Manufacturing Plants at

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

## JUST A MINUTE—Continued

The sources are the faculties of a dozen or more prominent university schools of business and finance, to which we sent a brief questionnaire asking to what extent newspapers and business magazines were used, as living textbooks, to supplement theory.

The replies indicate that current happenings, as reported and interpreted in the press, are generally regarded as essential laboratory material for tomorrow's crop of business and banking leaders. Every effort is made to keep the students abreast of the times and to develop their ability to relate events and theory.

"In fact," said one educator, "instruction in business subjects cannot bring the student in touch with true and up-to-date practice without the generous use of business publications."

Incidentally, while these paragraphs were being written a key professor in a large eastern university phoned to request the educational material distributed by the American Bankers Association in its anti-inflation campaign. He also wanted a February BANKING which covered the background of the campaign.

"I'd like to use this in my next class," he said.

## Fashions in Monetary Policy

DR. PAUL EINZIG, the British economist who contributed "Thoughts on the (CONTINUED ON PAGE 14)

"You're going to borrow money on open line? Confidentially, Mr. Daly, those operators are such busy-bodies I'd suggest a private wire"



BANKING

*Already*

# **FOUR MILLION**

## **checking account customers**

**are enjoying the benefits of  
this modern banking service**



### **BURROUGHS COMMERCIAL TELLER'S MACHINE**

Somewhere, today, thousands of checking account customers are having their first experience with mechanized commercial teller operations. Like the four million people who have preceded them, their reaction to this fastest-growing customer service is bound to be one of unqualified approval.

They will like it because window service is faster, and

the printed registered receipt they receive is more convenient than a pen and ink posted passbook. They will like it because it's the *modern* way to do business. This universal customer endorsement is a paramount reason why banks everywhere are installing modern Burroughs Commercial Teller's Machines. There are others equally important. Let us give you the full story.

WHEREVER THERE'S BUSINESS THERE'S

# **Burroughs**





## Statement of Condition

March 31, 1948

### Resources

Cash and Due from Banks . . . . .		\$ 318,776,846.01
U. S. Government Securities . . . . .	\$935,701,968.36	
State and Municipal Securities . . . . .	33,841,393.59	
Other Bonds and Securities . . . . .	11,282,177.54	980,825,539.49
Loans and Discounts . . . . .		394,415,718.95
Earned Interest Receivable . . . . .		5,351,596.92
Customers' Liability under Acceptances and L/C . . . . .		3,631,273.00
Bank Premises . . . . .		4,481,256.16
Vaults, Furniture and Fixtures . . . . .		1,052,025.38
Other Assets . . . . .		133,058.54
<b>TOTAL . . . . .</b>		<b>\$1,708,667,314.45</b>

### Liabilities

Capital . . . . .	\$30,000,000.00	
Surplus . . . . .	30,000,000.00	
Undivided Profits . . . . .	20,000,000.00	\$ 80,000,000.00
Reserves for Contingencies, Interest, Taxes, Dividends . . . . .		15,091,583.36
Interest Collected—Unearned . . . . .		2,355,085.77
Acceptances and Letters of Credit Liability . . . . .		3,647,822.00
Other Liabilities . . . . .		185,386.00
Deposits—Time . . . . .	\$660,539,386.21	
—Demand . . . . .	946,848,051.11	1,607,387,437.32
<b>TOTAL . . . . .</b>		<b>\$1,708,667,314.45</b>

Securities carried at \$94,948,737.54 are pledged to secure trust funds and U.S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

#### BOARD OF DIRECTORS

George M. Wallace, <i>Chairman</i>	
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#### 126 OFFICES AND BRANCHES

If a banking connection in Southern California would be of value to your bank, we invite you to open your account with us.

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

### JUST A MINUTE—Continued

Tomb at Fort Knox" to December 1947 BANKING, writes this month on Europe's devaluation dilemma.

He points out that whereas devaluation is "one of the obvious ways of mopping up inflation," overvaluation has become quite as fashionable as undervaluation was 10 or 15 years ago. Although a lowering of the official gold value of the national monetary unit has been unavoidable in many countries since World War II, the advantages of the Schachtian policy that kept Germany out of the depreciation race in the Thirties have been widely realized and now are being sought by most nations.

The view that sterling is doomed to devaluation is not shared by Britons, Dr. EINZIG reports. "The inflationary tide appears to have turned in Britain"; she has a budget surplus, a declining note circulation, and a foreign trade that absorbs her available production.

### Landmarks

MERGER of the Bank of New York and The Fifth Avenue Bank of New York invites a backward glance.

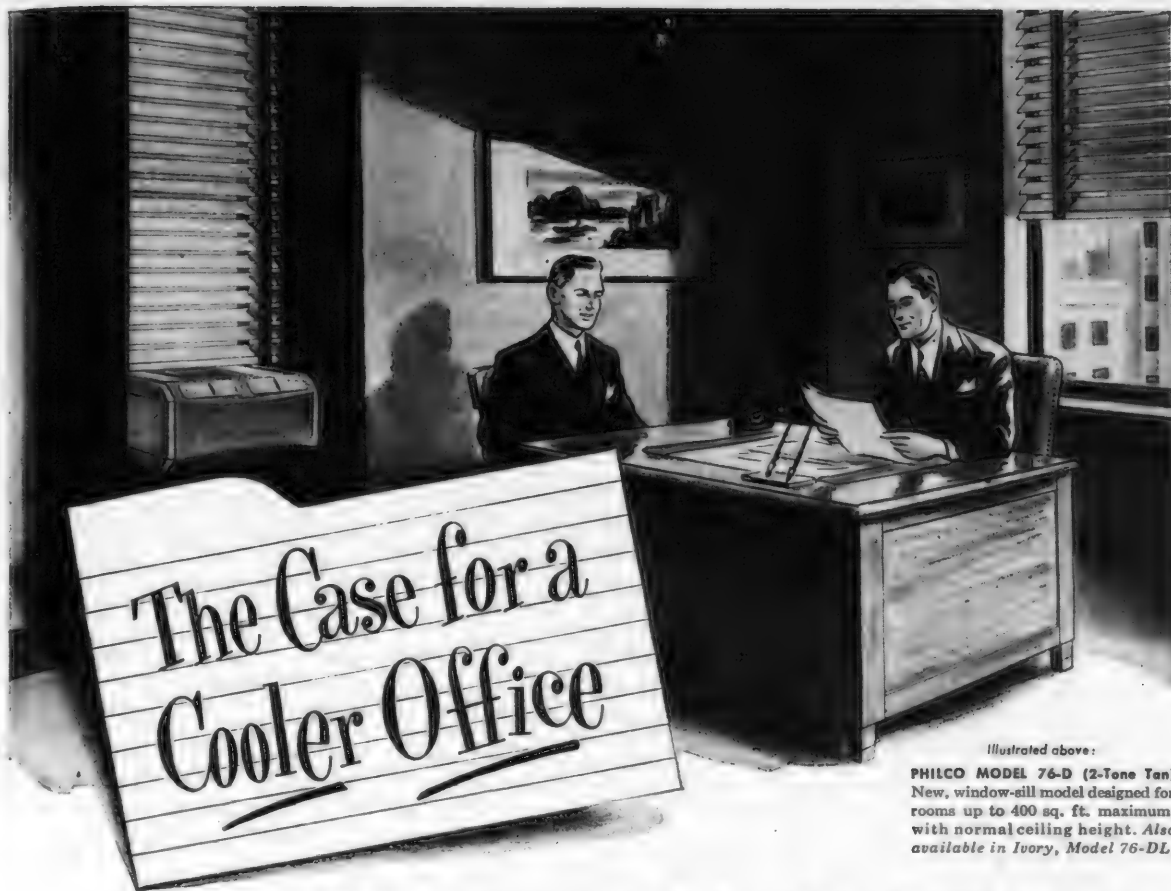
Bank of New York, oldest bank in the country using its original name, was founded in 1784 when the city had a population of 23,000. Alexander Hamilton was on its first board; he wrote its constitution and remained a director until he became the Secretary of the Treasury.

The Fifth Avenue, founded in 1875, is also a landmark in the metropolis. Organized to serve "the carriage trade"—the wealthy women who lived in the (CONTINUED ON PAGE 16)

"I'm sorry, Mr. Harrison, but home improvement loans do not include financing a divorce"



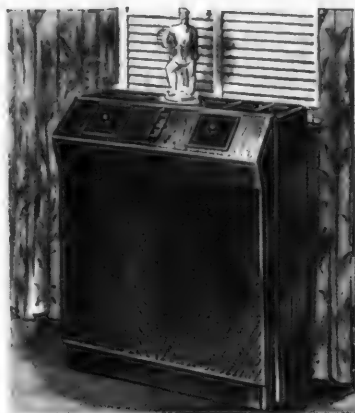




Illustrated above:

**PHILCO MODEL 76-D (2-Tone Tan)**  
New, window-sill model designed for rooms up to 400 sq. ft. maximum, with normal ceiling height. Also available in Ivory, Model 76-DL.

## Old Sol versus Philco Air-Conditioning



**PHILCO MODEL 91-C.** A new, single-room air-conditioner in a beautiful walnut console of matched grain. Ample power to serve offices up to 500 sq. ft. maximum, with normal ceiling height. Ventilation independent of cooling lets you pump out smoke and stuffy air, even in Winter. Inexpensive, easily replaceable filter. Console is 39 $\frac{1}{2}$ " high, 32 $\frac{1}{2}$ " wide, 19 $\frac{1}{2}$ " deep.

A Philco Single-Room Air-Conditioner more than earns its cost in banking and law offices during hot, sticky weather. It cools your body, refreshes your mind, makes you forget the weather, even when the thermometer is pushing the top nineties. It muffles street-noises; removes smoky, stuffy air; screens out dust and air-borne pollens; keeps papers from blowing off desks; gives you, in brief, the weather you want at the turn of a knob the year around. Clients and customers appreciate such comfort. There are models that fit on a window-sill, and consoles that sit on the floor. See your Philco dealer.

*Why Simmer in Summer?*

**PHILCO** SINGLE-ROOM  
**AIR-CONDITIONERS**

## New York Hanseatic Corporation

Founded 1920

120 Broadway, New York 5

Phone BArlay 7-5660

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Dealers  
in

United States  
Government  
Securities

### SERVICE

Maintaining an intimate, personalized correspondent bank service.

### EXPERIENCE

Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

### POLICY

To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

*The*  
**PUBLIC  
NATIONAL  
BANK**  
AND TRUST COMPANY  
OF NEW YORK  
ESTABLISHED 1908

#### MEMBER

New York Clearing House Association  
Federal Deposit Insurance Corporation

### JUST A MINUTE—Continued

avenue's brownstone houses—it is credited with originating "personalized service" which it developed so highly that the distaff side customers made themselves quite at home whenever they came in.

### For the Carriage Trade

THE Fifth Avenue Bank, so the story goes, was born in an ex-barbershop.

A barber had moved his chairs and shaving mugs from his basement room in the old Sherwood House at the northeast corner of the avenue and 44th Street, and the hotel's thrifty proprietor, John Sherwood, suggested that the prominent businessmen who made his lobby their rendezvous rent the space and start a bank. They did.

"The venture was an experiment," reports the bank's historian, "for although many of the nation's most prominent families lived in the neighborhood, the men did most of their banking in Wall Street; the women were unaccustomed to the use of checks. Once a week these women drove around in their carriages, stopped in front of the markets and sent their footmen in with envelopes to pay the bills.

"It was to serve these women that the bank was founded. At first their husbands and the bank's tellers had to show them how to write checks and keep track of them. Once the idea caught on, it became fashionable to have a household account at The Fifth Avenue Bank."

"I'm going to Washington to testify before a special subcommittee of a subcommittee investigating something recommended by a subcommittee of some committee, I think"



"Listen, dear, I'm getting tired of this! Every time I ask for money you must consider its soundness in relation to inflation and the national economy!"

In a booklet describing its services, written some 18 years ago, the bank noted: "Fully half of our main banking floor is given over to the exclusive use of women depositors. They have their own tellers and bookkeepers; individual desks and telephones; a special service desk in charge of an experienced and competent woman to whom financial problems may be referred; also a comfortable and completely appointed reception room, warmed on chilly days by an open fire, and attended by a maid who has had 20 years' experience in this one department."

In 1890 the bank bought the four-story brownstone house across Fifth Avenue, and subsequently added adjacent properties, including a livery stable and a backyard. The combined dwellings are still the bank's home address.

### Number One

FOR the first 15 years of its life Bank of New York was "The Bank"; the community had no other. Secretary Hamilton kept in close touch with its affairs and it was the Bank of New York that made the first loan to the young government—a credit of \$200,000, in 1789.

In 1791 the Governor of New York signed a bill granting the bank a charter—the first step toward public control of banks in the state.

By 1853 the city had more than 50 banks and a clearing house association was formed to facilitate the exchange of cash and adjustment of balances. Bank of New York's seniority was recognized in its designation as Number 1 on the membership list.

JOHN L. COOLEY

The one form of hostilities from which the people might benefit now is a price war.

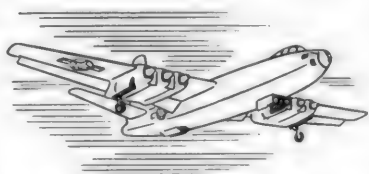
BANKING



## Yesterday - Today - Tomorrow at The Glenn L. Martin Company



**Q.E.D.!** Efficiency of the Martin 2-0-2 airliner is proven. In service on foreign and domestic airlines, the 2-0-2 has been so successful that one airline already has placed additional orders.

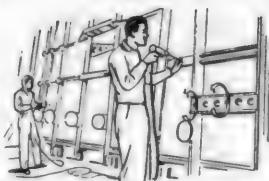


**Six-Jet Job!** Powered by six jet engines, pioneering the new tandem-type landing gear, the USAF's big Martin XB-48 is among the most advanced experimental bombers. Martin has been building outstanding military planes since 1913.

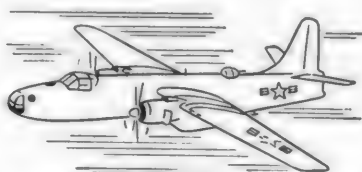


**Diversification!** Marvinol, plastics raw material, is in production at the new Martin Chemicals Division plant. Other Martin-developed products are being manufactured under license by other companies.

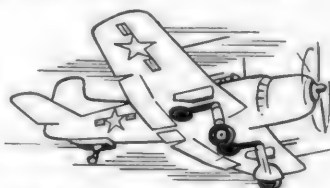
"... the United States must be strong. Above all, it must be strong in the air." *Thomas K. Finletter, Chairman, The President's Air Policy Commission.* "We must have Air Power that is supreme." *Congressional Aviation Policy Board.* Write to the United States Government Printing Office for copies of these vital reports.



**Job Stability!** As anticipated, Martin employment has been maintained at approximately 10,500 since the summer of 1947. Martin recreational programs, pension plan, group insurance, contribute to good employee relations. Wholly-owned Martin plant contains 1035 acres, 2,725,000 sq. ft. floor space... most modern airport and seaplane facilities.



**4 in 2!** Four engines are housed in two nacelles on the Martin Mercator patrol bomber. Two engines are conventional, giving long range... two are jets, switched on for bursts of speed. Martin stays ahead in design!

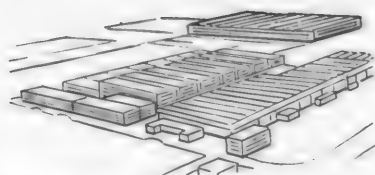


**Seagoing Slugger!** Navy's Martin Mauler, carrier-based dive-torpedo bomber, is now in production. Martin is also building the PBM-5A, world's largest amphibian. Martin has been building planes for the Navy since 1920, is now in its 40th year of continuous operation.

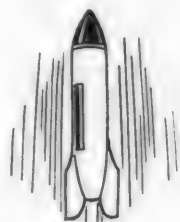
# Martin

## AIRCRAFT

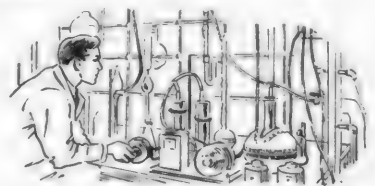
Builders of "Dependable" Aircraft Since 1909



**Transition year 1947** brought reduced military orders, airline financial difficulties, reflected in Martin Company's net loss of \$19,181,526 for the year. Entering 1948, unfilled orders totaled \$105,167,439. Since the Company's Annual Report was printed, checks totaling \$18,294,296, representing the initial payment on Federal income taxes recovered under tax carry-back provisions, have been received. This permitted reduction of the Company's outstanding loans from the RFC from \$26,775,000 to approximately \$11,500,000.



**Hits the Top!** Being built by Martin, the Navy's Neptune-type rockets are designed to reach heights of 235 miles... higher than any previous man-made object. Other equally startling military projects are also under development.



**Tomorrow's Progress** starts here, where developments with sound business possibilities are perfected... and that's good news because: *Better products, greater progress are made by Martin!*

### AN INTERNATIONAL INSTITUTION

**MANUFACTURERS OF:** Marvinol resins (Martin Chemicals Division) • Martin 2-0-2 airliners • Advanced military aircraft • Aerial gun turrets. **DEVELOPERS OF:** Rotary wing aircraft (Martin Rotawings Division) • Mareng fuel tanks (licensed to U. S. Rubber Co.) • Honeycomb construction material (licensed to U. S. Plywood Corp.) • Stratovision aerial re-broadcasting (in conjunction with Westinghouse Electric Corp.) **LEADERS IN RESEARCH** to guard the peace and build better living in far-reaching fields.

## HOW TO SOLVE SATURDAY CLOSING PROBLEMS



### Proved System Speeds Service for Leading Banks

Let the proved Fas-Cash System be your solution to the Saturday Closing problem of doing 5½ days' work in 5 days!

You see, Fas-Cash enables *one* teller to do the work of two! It does away with the necessity of counting and proving currency every time it is paid out.

### Doubles Check-Cashing Capacity

With the Fas-Cash System, your tellers can cash a check in as little as 5 seconds . . . up to 500 checks an hour!

Your customers and tellers will both appreciate the quick, efficient checking service you make possible when you install the Fas-Cash System.

This system of handling currency—designed by a banker to solve a banker's problem—has been thoroughly tested, positively proved.

Plan now to solve the problem of "Saturday Closing" by installing the Fas-Cash system in your bank. Mail coupon today for complete information.

**FREE!**

Send coupon below for your free copy of illustrated folder. Explains how and why the Fas-Cash System will save you money.

## FAS-CASH SYSTEM

Enables 1 Teller to do the Work of 2

FAS-CASH SYSTEM, INCORPORATED  
112 Madison Avenue, Dept. BA-5  
Detroit 26, Michigan

Yes . . . we want to improve customer service. Rush details about the Fas-Cash System, together with free illustrated folder.

Name

Bank

Address

City  State



**B**EATING the old "shell game" would present no more difficulties than meeting the requirement for presentation of bills insisted upon by a certain feminine debtor with whom our bank had dealings several years ago.

She was a fluffy-headed blonde school teacher, just out of college and holding down her first job; and toward the end of the school year she began to realize that "easy payments" undertaken indiscriminately aren't always so easy to meet.



A sight draft drawn against her for the small amount of \$4.12 was sent to our bank for collection by a Chicago firm. The accompanying letter, dated June 9, quoted the dilatory pedagogue's epistle of March 17, in response to a dunning letter, as follows:

"I shall pay the bill as stated in my last letter. If you remind me on April 12 that I still owe you, I will finish paying you. I am a very busy person and I pay my bills the day I get my check; then I am *broke*. If you write me *before* I get my check, I always lose the letter; so it is entirely up to you whether I pay you or not." (In other words, the arrival of the bill must coincide with the payment of her salary.)

The creditor company said that



dozens of bills had been sent during April and May, in an attempt at the timing insisted upon, but without result. On May 20, another letter from the meticulous lady accused, "I asked you to remind me on April 12, but you didn't do as I asked and sent the letter April 1, and I lost it. It's your own fault I didn't pay you. I don't get another check until June 3 and if I don't hear from you on that day, don't expect me to pay you at all!"

On receiving this ultimatum, the creditors, who truly must have been gluttons for punishment, accepted the challenge, and mailed statements daily for the first eight days of June. Apparently none reached destination at the exact psychological moment, for the bill remained unpaid. Our efforts to collect the draft were likewise unavailing. Anyway, we were having our own difficulties with the school ma'am, which were only cured by taking an assignment of her salary checks so that payments due the bank could be deducted before the bills of other creditors could be paid. This young woman apparently felt that she was giving her creditors a sporting chance.

A former customer who had left town owing numerous bills to business firms, after a long absence wrote jovially to our cashier, enclosing a check to pay several old accounts. "Now, if you want to see an array of smiling citizens," said his letter, "just tell them to 'come and get it'. I don't know why I trust your bank so implicitly—I don't even know if it is still solvent. Oh, well—'Faith is the victory'!"



Attending to the errand faithfully, the cashier waxed poetical in his report to the regenerate debtor, giving him the reactions of the astounded, but delighted, creditors. He declared,

"They had your notes all framed in gold because they thought them theirs to hold

Until old Gabriel blows his horn to call the sheep that well known morn."

BELLE S. HAMILTON

BANKING





## Overseas collection service through foreign banks — via Bankers Trust

**T**HROUGH an experienced Foreign Department and worldwide banking connections, Bankers Trust Company offers you high-speed collection service on your foreign items. You can assure your customers of the most efficient collection service when you send these items to us.

In addition, we issue commercial letters of credit—buy and sell foreign exchange—provide travel funds—supply credit information on foreign

names—and furnish up-to-date information on exchange regulations in the various countries.

It may pay you to investigate these and other services we offer banks which want to serve their customers as efficiently in foreign transactions as they do in domestic matters.

You are invited to write today for specific information about the kind of transactions in which you are interested. Please address Banking Department, Bankers Trust Company, 16 Wall Street, New York 15, New York. In the meantime, we solicit your foreign collection items.

**BANKERS TRUST COMPANY**  
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



# North of the Border

## Closer U.S.-Canadian Economic Coordination—The Trade Fair

NEW discussions between Canadian and American authorities have recently taken place which will probably lead to closer business relationships across the border and to a strengthening of the economic defenses of this continent. The discussions have dealt primarily with Canada's role in the Marshall Plan and as to how she can continue to contribute, even to enlarge, her aid to Europe. A complete understanding on this participation may not be reached for some time, but Canada's contribution to the plan this year, as stated in *BANKING* a few months ago, will probably be about \$700 million over and above commercial exports to Britain and Continental Europe. Additional aid from Canada should be available later on when many industrial projects now under way are completed and her exporting capacity is increased.

The present discussions have featured the financial side of the subject, with the emphasis on credits, both Canadian and American. Up to this time Britain and other countries accorded credits by Canada have drawn more than three-quarters from the total authorizations of nearly \$1,850 million and therefore have less than \$500 million left at

their disposal. How much of this balance will be applied to the Marshall Plan is one important question to be decided upon. Another is whether Canada will be given American credit or American exchange for her contributions exceeding those that might be financed out of her own credits to Britain and Continental Europe. Still another question is whether Canada should, or could, extend further accommodation to Europe.

In any event, the economic systems of Canada and the United States are almost certain to be more closely integrated, not only through the Marshall Plan but, also, through joint defense measures accelerated by threatening political developments in Europe. Machinery for economic cooperation in emergencies such as the present one is readily available in the Hyde Park agreement reached, in a rather informal manner, in April 1941 between the late President Roosevelt and the Prime Minister of Canada.

This agreement, or arrangement as it might better be described, was initiated by Canada with a view, first, of assisting her to meet some of the cost of Canadian purchases of war materials in the United States. But it developed

into a large-scale medium for exchange of military supplies between both countries, although without any formal treaty. About three years ago the United States Department of State proposed that the arrangement be continued on a full reciprocal basis for the rest of the war period and during the transition to peacetime economy. This proposal was accepted by Canada and the arrangement, therefore, is still in effect.

It might be of interest to quote a key phrase of the original terms. "It was agreed as a general principle that in mobilizing the resources of this continent each country should provide the other with the articles which it is best able to produce and, above all, produce quickly, and that production programs should be coordinated to this end."

This principle again comes to the fore when the United States is considering larger defense expenditures and greater supplies for its armed forces and when, also, Canada is looking to the American market to absorb more of her production, particularly of strategic materials. She has already taken steps to control the direction of all her exports to Continental Europe and thus co-

(CONTINUED ON PAGE 22)

United States and Canadian officials at a special convocation of William and Mary College, Williamsburg, Virginia, in honor of W. L. Mackenzie King, Prime Minister of Canada, who with President Truman, Viscount Alexander, Governor General of Canada, and Virginia's Governor William Tuck received the honorary Doctor of Laws degree. *Left to right*, Viscount Alexander; President Truman; William and Mary President J. E. Pomfret; the Rt. Rev. William A. Brown, Bishop of Southern Virginia; Prime Minister King; and Governor Tuck

PRESS ASSOCIATION





# Industry is on the Move .... Westward

UNION PACIFIC RAILROAD COMPANY  
OMAHA 2, NEBRASKA

G. F. ASHBY,  
PRESIDENT

To American Industry:

The Union Pacific West offers industry proximity to products of ranch, mine and forest...ample power, fuel, water...healthful living conditions in scenic, recreational regions...and native-born, high-type labor.

Our faith in the future of this vast territory is confirmed by our current 200-million-dollar investment program for new equipment, improved and expanded facilities to provide shippers and travelers with the utmost in rail transportation.

We are at your service.

Yours very truly,

President,  
Union Pacific Railroad



George F. Ashby

\* One of a series of advertisements based on industrial opportunities in the states served by Union Pacific Railroad.

Unite with Union Pacific in selecting sites and seeking new markets in California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, Oregon, Utah, Washington, Wyoming.

\*Address Industrial Department, Union Pacific Railroad  
Omaha 2, Nebraska

**UNION PACIFIC RAILROAD**  
*Road of the Daily Streamliners*

## North of the Border

(CONTINUED FROM PAGE 20)

ordinate her export program with that of the United States, in order to prevent diversion of products available under the Marshall Plan to areas outside the scope of the plan.

Already Canadian products flowing south of the border are in markedly greater volume than a year ago. Since the first of the current year, exports to the United States have been around \$100 million per month, as compared with a monthly average of about \$80 million in 1947. Higher prices account, of course, for part of the increase, but gains are distributed through all classes of major exports, some of which have only slightly higher values than in the corresponding period of last year. Indeed, the largest increases, both in amount and physical volume, are in lumber, wood pulp, paper and non-ferrous base metal materials, which are still reasonably priced, in a comparative sense, and which are still in short supply in the United States. This upward trend is almost certain to be continued, but perhaps at a more gradual rate, unless serious labor disputes break out in Canadian mills and mines, or American supplies upon which Canada depends are curtailed by further labor-manage-

ment disputes south of the border.

So far Canada has felt little or no effects of coal strikes on the other side of the border. She went through a rather prolonged coal mining strike in the West last Winter, but her accumulated supplies of American fuel, which the major industrial sections of Ontario and Quebec depend upon, have been ample.

Serious labor trouble almost broke out, however, in the northern metal mining sections of these two provinces after international union organizers moved in some months ago and endeavored to get control of local unions. Some of these organizers were accused, both by public authorities and local union leaders, of strong communist sentiments, with the result that enquiries were instituted to determine whether they were subject to deportation. A concerted plan seems to have developed by American and Canadian immigration authorities to prevent border crossings of suspected communists, while local mine union leaders in some sections have shown strong resistance to the "muscling in" of visiting agitators, a plan which has been supported by the central union, the Canadian counterpart of the C.I.O.

Canada will be host at the International Trade Fair to be held in Toronto from May 31 to June 12 and will then

be able to display much of the varied production she has for export. Arrangements for this fair have, however, assumed really international proportions in recent months, as 25 other countries will have over 1,000 separate exhibits of their wares in several buildings of the Canadian National Exhibition, with a total floor space exceeding 750,000 square feet. The fair will not be open to the public except on Saturdays and for most of the week. Therefore, buyers and sellers from almost every quarter of the globe will meet for strictly business purposes. Interpreters and special communication services, as well as private restaurants and meeting rooms, will be provided. Every exhibitor is obligated to offer his goods for sale and delivery within a reasonable time. On all counts, therefore, the event, the first of its kind in North America, will be more than a national or local affair. It will be a world market-place.

---

*An empty stomach is allergic to reason.*

Few persons desire an honest friend.

*Young people today are like the young people of yesterday in many disrespects.*

No man boasts of his wisdom as much as an ignoramus.

The down-town business section of Toronto, Canada, host city to the International Trade Fair

COURTESY CANADIAN NATIONAL RAILWAYS





# FIELD WAREHOUSING

## Warehouse Receipt Loans Against Inventory

FIELD WAREHOUSING . . . is the ideal implementation of controlled lending. Inventories cannot be eliminated but they can be controlled. Our Service, through Warehouse Receipt Loans against inventory stored on the borrower's own premises, with exact information of the age, condition, kind, quantity and value of each item, gives you full inventory control.



### OPERATING OFFICES

Royal Bldg., Albany 1, Ga. • Healey Bldg., Atlanta 3, Ga. • 60 State St., Boston 9, Mass.  
Rand Bldg., Buffalo 3, N. Y. • Liberty Life Bldg., Charlotte 2, N. C. • 120 So. LaSalle St.,  
Chicago 3, Ill. • 1314 Wood St., Dallas 1, Texas • National Bank Bldg., Detroit, Mich.  
Roosevelt Bldg., Indianapolis, Ind. • 121 W. Forsyth St., Jacksonville 2, Fla. • First  
Natl. Bank Bldg., Memphis 3, Tenn. • 16 South Broad St., Philadelphia 2, Pa. • Key-  
stone Bldg., Pittsburgh 22, Pa. • 8th & Locust Sts., St. Paul 1, Minn. • 222 Spring St.,  
Shreveport 69, La. • Hills Bldg., Syracuse 2, N. Y.

**New York Terminal Warehouse Company**  
25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.

# With College and Business in Step...

## DR. I. G. GREER

*In January of this year the Business Foundation of North Carolina, Inc. appointed Dr. I. G. GREER as full-time executive vice-president. Dr. GREER has had a long career as administrator and civic leader and was one of the principal figures in the successful North Carolina Good Health movement of 1947.*

LATE in 1945 President Frank P. Graham of the University of North Carolina invited Robert M. Hanes, president of the Wachovia Bank & Trust Company and a former president of the American Bankers Association, to head up a movement to enlist the support of the business and professional leaders of North Carolina in expanding the University's School of Commerce into a southern center of graduate education for business leadership "second to none."

This action marked another long step in the acceleration of the industrial renaissance of the South which is rapidly changing that region from Economic Problem Number One to Economic Opportunity Number One.

Under Mr. Hanes' vigorous leadership the movement met with outstanding success and on July 10, 1946, the support was given a formal entity

through chartering as The Business Foundation of North Carolina, Inc., a non-profit organization "to aid and promote by financial assistance and otherwise, all types of education, service and research for business and industry at or through the School of Commerce and other departments of the University of North Carolina at Chapel Hill, N. C."

## Prominent Citizens at Head

The charter bears the names of 273 of the state's most progressive citizens—business and professional men—and the list of subscribers has expanded constantly. The foundation divided the state into six regions and named a vice-president for each region. In addition to the usual officers and a board of directors of 50, Mr. Hanes appointed a committee on cooperation with the School of Commerce headed by J. Spencer Love, chairman of the board of Burlington Mills Corporation.

Financial support is being provided through an endowment, the earnings of which will be used to assist the university in improving the quality and increasing the quantity of its teaching and research staff in the field of business. The endowment now exceeds \$1,000,000, and a sum of \$2,000,000 is not unlikely by the end of 1948.

In addition to financial support, the foundation will aid the university in collecting case material for instruction, in placing graduates in North Carolina industry, and in carrying on research to get at the basic facts of business. Members will also serve on the faculty from time to time as lecturers and counselors and will confer with university officials on matters of curricula. For example, 22 business and professional men, including two bankers, served as a panel of experts at the Institute of Small Business Enterprise, held at the University in the Summer of 1947. The North Carolina Bankers Association also aided in promoting this institute.

The Business Foundation has some very specific notions of things to be done, as was evidenced in Mr. Hanes' remark in accepting the presidency of the foundation. At the organization meeting of the "stockholders" July 13, 1946, he said: "We have long been conserving our natural resources, but the most priceless resource we have is our manpower—the greatest of all our resources."

"The University's job will be to conserve and improve the top quality of our human resources. The job of businessmen is to help recruit native talent for training, to help in the financing, to

(CONTINUED ON PAGE 26)

Bingham Hall, School of Commerce, on the North Carolina campus

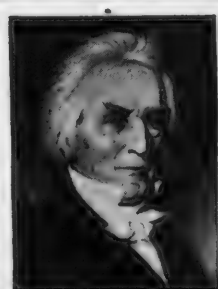


## Famous American Homes

### THE HOME OF *Alexander Campbell* CRUSADER FOR FREE INQUIRY



House was started about 1793 by Campbell's father-in-law from lumber grown and whipsawed in the vicinity



Campbell often worked till midnight in this quaint study

STAGECOACH and Ohio steamboat were the main methods of transportation a century ago in what is now West Virginia; communication was also slow and uncertain. Nevertheless, in spite of these and other obstacles in 1840 Alexander Campbell founded Bethany College, dedicated to "development of character, education of the heart, opportunity for free inquiry." Now one of the older colleges west of the Alleghenies, Bethany offers endur-

ing evidence of the founder's achievements as first president and energetic builder of its endowment.

The Irish-born Campbell emigrated to the United States in 1808. Delivering his first sermon in a grove, he rapidly made a reputation as a preacher and actively identified himself with the current religious reform movement.

When Campbell married Margaret Brown in 1811, the bride's father gave them his home and farm in Bethany,

West Virginia, in order to induce the young couple to remain with him. Thus Campbell ran the farm in addition to preaching, established a seminary and published magazines from his own press. So extensive was his printing business that the Federal Government established a post office for him and made him postmaster for some thirty years. His popularity as a speaker resulted in numerous journeys both

here and abroad where he gained ideas on the subject of education later used in his own college.

Though Campbell's home was enlarged by various additions, the oldest section was built by his father-in-law, John Brown, about 1793. A skillful carpenter, Brown constructed so sturdy a dwelling that even today the floors are still sound and the door is as solid as the day it was hung. Now under the joint control of the Disciples of Christ Historical Society and Bethany College, the Campbell home near the campus is open to visitors the year round.

*The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.*

☆ **THE HOME** ☆  
*Insurance Company*  
NEW YORK  
FIRE • AUTOMOBILE • MARINE INSURANCE



Guests Clay, Davis, Garfield and Lee slept on this rope bed



Dean D. D. Carroll



Robert M. Hanes

(CONTINUED FROM PAGE 24)

advise and counsel with university men in the conduct of training programs for future leaders and, finally, to utilize the resulting product and not let it go to other sections as has so often happened in the past. Too often we have trained our men and then let them be snapped up by business out of the state."

In his concluding remarks he spoke for the bankers of North Carolina when he said: "In conclusion I should like to add that I have a special interest in this foundation and its contribution to business of this state. My business, unlike some businesses which have the whole world as a market, is directly dependent on business in North Carolina."

The School of Commerce of the university provides a firm base upon which the foundation can build and implement its objectives. Established in 1919, the school had graduated, at the end of 1947, 2,262 students with bachelors' degrees, 87 with masters' degrees and conferred the doctorate on 30. These graduates include many of the present generation of business leaders of the state and nation. The enrolment of the school (composed entirely of juniors and seniors) for the winter quarter of 1948 was 1,184 compared to a pre-war peak of 425.

During the past two years, while the

foundation was in the process of organization, the School of Commerce has been preparing plans and developing techniques to utilize foundation support. The school plans to increase both the quality and the range of its services. In the way of qualitative improvement, the school will use foundation funds to supplement the relatively low state salary schedule so as to attract top-flight teachers and scholars who can also work well with the business community. The staff will be built up to a point where more man hours can be allocated to research and guidance of graduate study.

#### **Other Aids to Business**

To expand the range of its services the school has established a Bureau of Business Services and Research which is exploring the ways in which university skills in teaching and research can be useful to business outside of regular academic education leading toward degrees.

Dean D. D. Carroll observes that "many businessmen and potential businessmen, for one reason or another, never attend a university as regular students but can benefit a great deal from university education geared to their particular needs." He points out that nearly half of North Carolina persons of school age (5 years to 24 years)

are not in school and that for the country as a whole only 41½ percent of those 25 years of age or older have had as much as four years of college education and only 14 percent have had as much as four years of high school education.

"There is," Dean Carroll says, "a very large market for educational services which is not now being served and which is very important in the business health of the state."

The bureau has therefore been developing a program of adult study which consists of short courses and conferences having specific and limited educational objectives which can be realized in a short period of time. Instructional methods are intensive and set to fit adult interests and experience.

During the past two years nearly 2,000 business men and business firms have made use of this type of educational service. It is significant that bankers have also been leaders in this phase of university education. In 1937, before adult study was a regular program, the bankers of North and South Carolina organized the annual Bankers Conference in cooperation with the school. This conference, first of its kind in the United States, has operated successfully ever since and has yielded most valuable experience to the school in expanding this type of education.

In addition to the Bankers Confer-



ence, the school brought the Southeastern Institute for Chamber of Commerce Executives to North Carolina in 1946. It helped organize the first Credit Bureau and Merchants Association Management Institute in the country in 1947. In 1948 it will launch the Realtors Institute in cooperation with the North Carolina Association of Real Estate Boards. Financial institutions of the state will also participate in this institute.

In the strategic area of labor an Institute of Industrial Relations has provided a number of short courses and conferences in personnel management both on and off the campus and has been instrumental in setting up a State Personnel Association to aid in improving practices in this area of management.

The Institute of Small Business Enterprise, previously mentioned, is a pioneer attempt to serve directly and immediately the management of establishments too small to be able to afford the inside or outside professional talent available to larger concerns.

The bureau acts as a "brokerage agency" for research needs of business and the research talent of the school. The effort here is to let the graduate student "train on production"; that is, develop his skills on projects where the end product is useful information for business.

#### Industry-Wide Programs

The school is also working on industry-wide educational programs in cooperation with other agencies. In the past two years it has developed a training program for the southern furniture industry (with the Engineering School at Raleigh) and assisted in establishing a research program in the fisheries industry (with the Department of Zoology).

To further the foundation objectives of recruiting and placing in North Carolina trained graduates of the School of Commerce, a new placement office was established in January 1948.

By attacking the problem in all its aspects, the foundation and the university are confident that they are ready to serve the needs of business in a coming era which is, in all probability, to be one of much trouble and complexity.

The need for such developments in the South as that at North Carolina is attested by recent announcement of a similar program launched by the University of Virginia (Richmond *Times Dispatch*, March 7). It can be hoped that business and universities in other southern states will find it desirable to do likewise.

May 1948



Put this  
Business Getter to Work

## TYPHOON AIR CONDITIONER

From the first day that a flick of a switch brings the miracle of modern air conditioning to your premises, Typhoon units start paying off. More work gets done, more customers beat a path to your door, more sales are rung up. And you can close doors and windows against damaging dust. Typhoon is air conditioning at its practical, efficient best — ruggedly engineered for silent, automatic control of temperature and humidity. Typhoon units deliver trouble-free economical performance in offices, stores, homes, factories and restaurants, occupying a minimum of floor space.

Write for the name of your Typhoon dealer and a copy of "Cold Facts About Air Conditioning."

Packaged Units — 1 1/2 to 7 tons



**TYPHOON** AIR CONDITIONING CO., INC.

AIR CONDITIONING SPECIALISTS SINCE 1909

794 Union Street, Brooklyn 15, N. Y.

# Vacation Billions

**T**HE consensus of state travel promotion department directors is that the Summer of 1948 will bring the largest volume of travel business in history, although they predict that travellers will be somewhat more cautious about how they spend their money than in 1947. In that year an all-time travel and vacation spending record was reached within the States. This forecast was revealed in a recent survey made by BANKING.

Steamship and air transport officials booking overseas passage likewise disclose that 1948 will be a bumper year, with space demands far in excess of available facilities. These forecasts, of course, are based upon present conditions.

According to estimates, which, obviously, must involve elements of guess work and possibly optimism, it appears that the total dollar volume of the tourist trade within the United States in 1948 will exceed \$7 billion. This covers principally such items as hotel accommodations, food, souvenirs, sight-seeing and other entertainment, and automobile up-keep.

Twenty-four states reported in BANKING's survey that their annual appropriations for publicizing vacation attractions would aggregate in 1948 more than \$1.5 million. This does not include appropriations for several of the larger states, such as New York, California, Illinois and Pennsylvania.

**I**T should be remembered that chambers of commerce and other industrial and civic organizations, cities, banks, railroads, resorts and others spend additional millions every year to attract tourists—and, incidentally, more millions to attract new industry. In New Jersey alone the state department of economic development estimates that more than \$1 million is spent each year to bring tourists to that state.

The Valley National Bank of Phoenix, Arizona, has, for years, been plugging for Arizona. One of its most spectacular promotional activities is an attractively illustrated 24-page book which describes Arizona's many vacation attractions. The booklet includes a location guide to every hotel and inn in the state catering to tourists.

The chief services offered by banks and merchandised with an eye on the prospective traveller include travel savings clubs, travel agency services, travellers' checks, safe deposit and



Camping is a top favorite with summer tourists. This scene is at Lake Irwin, Colorado

storage vaults, custodian accounts, wills, banking-by-mail, special checking accounts, credit card identification and loans.

Not a single bank was found that merchandises all of these services as a "vacation package" in a limited survey by BANKING. By and large, most of the bank vacation advertising is focused on travel checks and "space" arrangements. The nearest exceptions to this seem to be the LaSalle National Bank of Chicago and the Seattle-First National Bank.

In a neat little four-page green and brown "Summer Suggestion" direct mail folder, illustrated with line drawings, LaSalle National features travellers' checks, travel credit, safe deposit service, and banking-by-mail.

**I**N a series of newspaper ads last season the Seattle-First National did a splendid job of linking automobile loans, savings-for-travel, statewide branch banking facilities, personal loans, and banking-by-mail service with vacation planning.

In scheduling summer advertising campaigns, banks may find of value the following resumé of travel forecasts from several states:

**COLORADO:** Between two and a half and two and three quarters million visitors will spend between \$150 and \$175 million.

**CONNECTICUT:** Number of vacationists about same as 1947—a good year—with shortening of vacation outing; dollar volume about same on account of increased rates.

**DELAWARE:** Vacationists will exceed

last year, when ocean resorts had practically no available space.

**FLORIDA:** Heightened interest as summer vacation spot. Satisfactory returns expected from intensive promotion.

**GEORGIA:** Banner year forecast. Highway traffic in February 18 percent higher than all-time 1941 peak.

**INDIANA:** Although reluctant to forecast, tourist business in both 1946 and 1947 (including conventions) estimated at \$250 million.

**KENTUCKY:** The 1948 tourist business estimated at around \$100 million.

**LOUISIANA:** Vacation trade during past winter season reached all-time record.

**MAINE:** State anticipates one of biggest seasons. Last year's trade amounted to about \$115 million.

**MASSACHUSETTS:** Prospects appear very good, with 1948 equaling 1947.

**MINNESOTA:** In both 1946 and 1947 vacation business brought state \$200 million; 1948 season will be as good.

**MISSOURI:** Last year's business amounted to about \$169 million; slightly higher volume anticipated this year.

**MONTANA:** Look for an increase of 10 percent in 1948 over 1947.

**NEBRASKA:** Expect to entertain 100,000 vacationists this season.

**NEW JERSEY:** In 1947 over 3,500,000 people visited four seashore counties and another 1,500,000 inland resorts. Business will be as good or better in 1948.

**NEW MEXICO:** New high set in 1947; 1948 will be as good or better.

(CONTINUED ON PAGE 129)

# ONE MACHINE and



# ONE OPERATOR

can handle these 7 basic banking jobs

1. *Posting depositors' accounts*
2. *Posting loan and discount records*
3. *Posting any type of mortgage records*
4. *Posting trust ledgers*
5. *Writing checks and posting related payroll records*
6. *Posting the general ledger*
7. *Posting statement of condition*

And in just a matter of seconds you can have it working for you on *any* one of the seven! For the removable form-bars of this National Multiple-Duty Accounting Machine lift off, or snap on—no screws, catches, or fittings to fuss with.

If your bank is a small one, one machine may handle all seven jobs. If it is larger, separate machines may be assigned to handle one, or more, of these specific jobs. The functional flexibility of these National Multiple-Duty Accounting Machines permits them to handle any shifting overloads promptly *as they occur*, and they are kept busy right through the banking day.

They will prove a great help in *any* bank—as will any of the many other National machines and systems designed to save time and money for you. Have your National representative study your situation, and work out the best way of meeting it. Or, write to The National Cash Register Company, Dayton 9, Ohio. Sales and Service Offices in over 400 cities.



THE NATIONAL CASH REGISTER COMPANY



The new stenographer has her say as well as the vice-president \*

## A Date With Plato and Thucydides

**A** NEW kind of adult educational program, carried on by the Harris Trust and Savings Bank, Chicago, for its employees, has resulted in concrete benefits both to the personnel and to the management, according to Fred L. Stone, personnel officer.

The program—the study of today's problems through the medium of the great books—is made up of a series of semi-monthly discussion meetings on the reading of a list of those books which have left a permanent influence on the thoughts of mankind. The list was compiled by the Great Books Foundation, a non-profit educational institution.

About 35 employees from all departments of the bank gather for each meeting in the comfortable employees' library of the bank at 115 W. Monroe St., in Chicago's loop district. Here, in sessions led by two of their fellow employees, they talk over the citizens' duty to the state as they read Plato's "Apology," duty to the family as they study Shakespeare's "Hamlet," and the problems of war and peace as they mull over Thucydides' "History of the Peloponnesian War."

"And, although the group was started only a few months ago, we have already noticed some concrete benefits," Mr. Stone said.

"Of course, any stimulus to the thinking of employees, or any broadening of their culture, is a good thing in general. In the great books discussion groups we pick up ideas from one another. The new stenographer has her say as well as the vice-president.

"A definite advantage of these groups

is that employees who participate in them become better acquainted with each other, and more friendly co-workers build a unified spirit in a place of business," Mr. Stone pointed out. "The discussions also draw out new employees or employees who are inclined to be shy. In this way we find it possible to unearth hidden talents, particularly in new employees.

"Another benefit," he continued, "is that, along with making articulate his thoughts about any personal idea, an employee gains confidence. Here is a chance of individual development and, thus, a more valuable employee."

### Banks Offer Good Opportunity

"Banks in particular," according to James F. Bailey, president of the bank's Fellowship Club, and an active member of the group, "seem to be good fields for these discussion groups because they often have in their own banking quarters facilities for holding the discussions. Any bank which, as we do, sponsors a social program for employees can add a great books discussion group with little or no additional cost."

The Harris Trust and Savings Bank was the first bank to start a great books group in cooperation with the Great Books Foundation. The idea for beginning one in the bank started with its president, Paul S. Russell, who had taken the course for several years in a Chicago club. He believed the course would be a good thing for his employees because, as he said, "The readings in the great books courses slowly, perhaps imperceptibly, but inevitably, train the mind of the student to organize his own

ideas in a clear, logical, rational form. Combine the stimulus of this growth with the fun and camaraderie of the discussions and you may understand some of the charms of the great books course."

Mr. Russell handed over the organization of the group to Mr. Stone and Paul Miller, who is in charge of bank training, and they, together with Mr. Bailey, launched the first group about two months ago.

The leaders of the group at Harris, who have been trained by the Foundation in the art of asking questions—not giving the answers—so as to stimulate the discussions, are George Putnam, comptroller's department, and Melvin Yocum, credit-analysis department, who alternate with Marion Hanna, auditing department, and Sylvia Pollock, secretary to a vice-president in the trust department.

The Great Books Foundation, sponsor of these adult education groups, took over work which was begun in St. John's College and the University of Chicago. In 1943 there were 165 persons discussing the great books. Today there are about 30,000 members of groups meeting all over the country in local libraries, manufacturing plants, community houses, among employees of large retail stores, members of neighborhood churches and students in universities.

\* Left to right in above photograph are shown: Betty Spikes, Jane Bisbee, Sylvia C. Pollock (leader), Mrs. Virginia Shirman, Margaret Wright, Mary Olson, Mary Parry, Helen Meeker, Doris Grau, Helen Hansen, Mrs. Ellen Cusack, and Paul J. Mitchell.



# 5 Proved ways to build *Good public relations!*



**1 A Home-Planning Department** is an invitation to your customers to discuss their problems with you... a reminder that you're ready to help with appropriate advice and loans. Above: Exhibit in Old National Bank of Evansville, Ind.



**2 Window Displays.** Manufacturers and retailers highly value merchandising tie-ins with local banks, a mutually helpful type of cooperation. The National City Bank of Cleveland does an interesting job with customers' displays.



**3 Neighborly Newspaper Ads.** Use your newspaper space to bring the readers interesting news about your bank and its people. Many banks (like the First National of Leesburg, Fla., above) find that such ads are as widely read as the news columns, result in more business and good will for the bank.



**4 A Modern Interior.** The First National Bank, Portland, Oregon, selected a Quonset hut for this attractive new branch, which combines adequate light, full-visibility "friendly" counters, easy access to the street—all factors that make it pleasant to do business with the bank.

**5 Checks on "The Best Known Name in Paper."** Your customers know and respect the name "Hammermill." Checks on Hammermill Safety unobtrusively imply stability and reliable service to them. For samples of this fine check paper, address (on your bank letterhead, please) Hammermill Paper Company, 1501 East Lake Road, Erie, Pennsylvania.



*Safety Paper Division  
Hammermill Paper Company*

The background of this advertisement is the famous Hammermill Safety Chainline design. There are two other pleasing background patterns to choose from.



Picture Window of *Thermopane* frames outdoor view in the Bay Village home of Mr. and Mrs. E. Ray Frazier. Architect: Herman O. Langenhan, Cleveland.

## How to get extra value from a view

Homes that bring outdoor views indoors . . . through Picture Windows . . . give owners more living satisfaction.

When glazed with *Thermopane*\*, Picture Windows and window walls add value. This insulating windowpane . . . the first of its kind . . . keeps rooms warmer in winter with less fuel, assures greater comfort all year, makes large glass areas practical in all climates. It reduces down drafts at windows, cuts condensation on glass so that no moisture drips onto sills and walls, and deadens outdoor noise.

*Thermopane* is composed of two or more panes of glass with dry air between. The L·O·F *Bondermetic Seal*\* bonds it into a unit that stays in all year . . . eliminating the need for storm sash.

*Thermopane* units are now readily available in over 60 standard sizes for large or small windows . . . may be used in new construction or modernization. For further information, write for our *Thermopane* books. Libbey-Owens-Ford Glass Company, 2458 Nicholas Building, Toledo 3, Ohio.

\*<sup>®</sup>

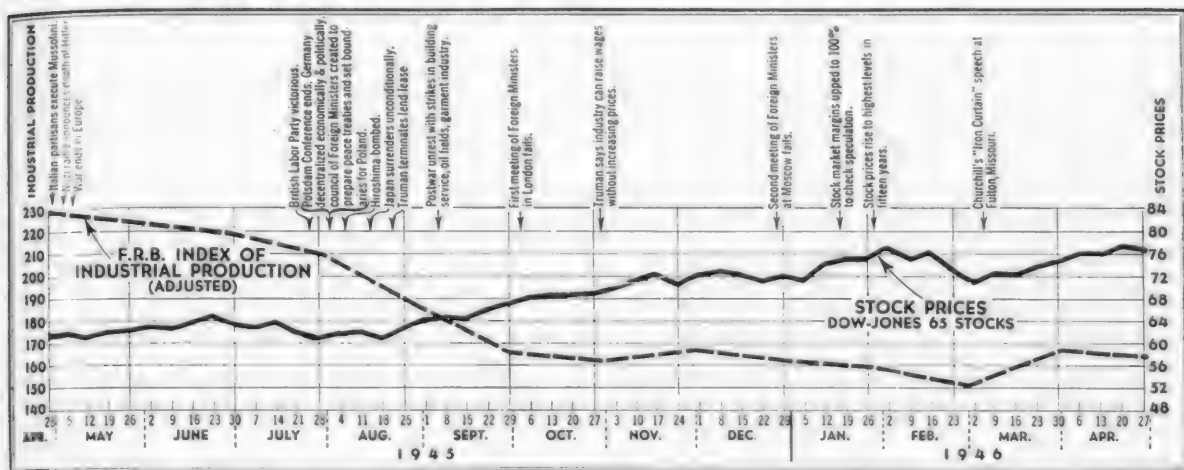
WHEREVER VISION IS IMPORTANT  
USE L·O·F Polished Plate GLASS



**LIBBEY·OWENS·FORD**

*a Great Name in* **GLASS**

PLASTICS  
Molding Materials, Glues and  
Industrial Resins,  
Coating Compounds  
PLASKON DIVISION  
Toledo, Ohio



V-E Day was three years ago. The chart above shows the first of those years. The other two are on pages 31 and 144

## We Have Homework to Do

*Our opposition this time is more firmly entrenched in our midst. In other words we have some homework to do and the "Voice of America" could well be beamed back here now and then.*

**THE OUTLOOK.** For three years the course of business there has been determined largely by domestic factors and a lively disregard of the foreign situation which has become progressively more threatening. Relief purchases by the Government and the prospect of a larger foreign aid program have, of course, had an effect for some months, but the major forces at work have been domestic.

In the period we are now entering the reverse is likely to be true and what happens abroad will have a great deal to do with business here.

If Communism continues on its present way we shall get a semi-war economy. If the power that guides Communism decides to make a U-turn and take it easy for a while we may well get our long expected readjustment and lull. In either case it means more uncertainty because the decisions are not in our hands.

### Two Main Trends

Since the fighting stopped in Europe there have been two main currents. One has been a rising curve of inflation and the other a downward curve in the international goodwill business. Whether the kind of machinery we now have for international communication and cooperation, with its many opportunities for daily disagreements and insults, has been partly responsible for the second curve, would make an interesting question but is beside the point.

In any case business up to this time has been greatly affected by the first curve but not by the second.

Three years ago we were anxious about what would hap-

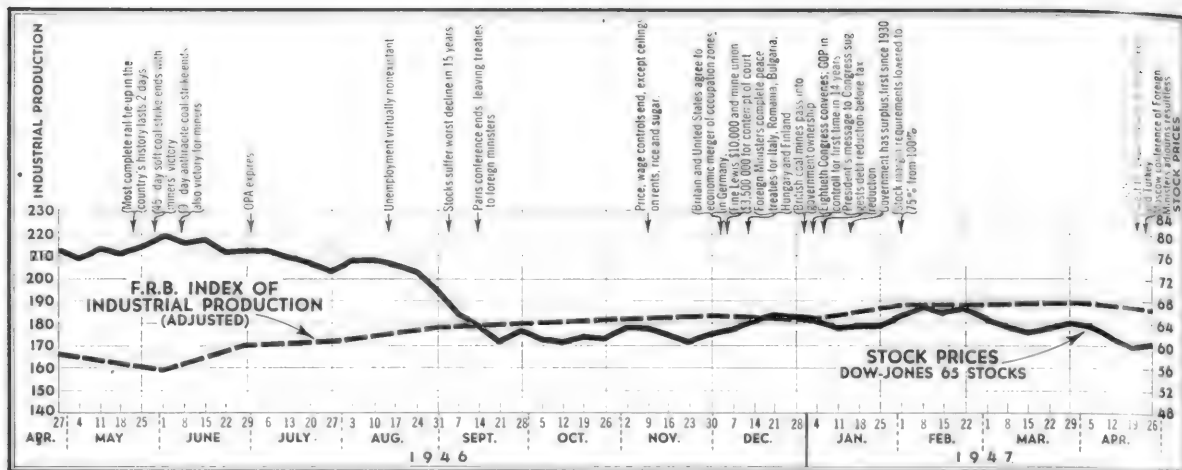
pen to business in the transition period but had no serious doubts about peace. Could we have seen as well ahead as we always see behind, these sentiments would have been the other way round. Both here and in many areas abroad commerce and industry have had three good years while peace has taken an historical beating.

So business finds itself facing a fairly warm war, a rearmament program and a foreign aid program. In view of the fact that this all adds up to more deficit financing and dilution of the dollar there is little wonder business keeps eyeing itself anxiously to see whether its attractive flush is a sign of health or something else.

An inventory of events since the Spring of 1945 might help to show more clearly how we got here and possibly indicate the general direction we are going. Enough has happened in those 36 months to fill a few history books so it is not a simple matter at this close range to pick out those few developments which can be called history-makers. Here is a possible list:

### Some Dates to Remember

1. The end of the war. On April 29, 1945, Italian partisans executed Mussolini and two days later the Nazi radio announced the death of Hitler. The fighting stopped in Europe on May 6 after five years, eight months and six days of it.
2. The victory of the British Labor Party on July 25, 1945, and the subsequent nationalization program involving the Bank of England and the chief industries.
3. The Potsdam Conference in July and August of that



year when Germany was decentralized economically and politically, leading ultimately to a partition of the country, which has just occurred.

4. The dropping of an atom bomb on Hiroshima on August 6 and the surrender of Japan a few days later.

5. The failure of the first peace conference of foreign ministers in London, October 2, 1945.

6. President Truman's statement on October 30, 1945 that business could grant wage increases without increasing prices, signalling the first round of wage-price increases and strikes which are still continuing.

7. The failure of the second foreign ministers conference in Moscow, December 27 of the same year.

8. Churchill's "iron curtain" speech at Fulton, Missouri, March 5, 1946.

9. The expiration of the OPA on June 30, 1946 and the ending of price and wage controls on November 9, except for ceilings on rent, sugar and rice.

10. The completion by foreign ministers of peace treaties with Italy, Romania, Bulgaria, Hungary and Finland on December 12, 1946.

(CONTINUED ON PAGE 144)

Eduard Benes (left), president of Czechoslovakia, listens intently to the words of the new Russian ambassador (right) to that unfortunate country. Listening with Mr. Benes is the Czech foreign minister. The gold-braided representative of the Kremlin is, naturally, representative of the "head office," and President Benes' job is — just to listen intently.



PRESS ASSOCIATION  
BANKING



# What's Your Favorite Brand?

JOHN L. COOLEY

**B**ANKING is an old business, but it's always turning up with a new idea. Take, for example, the product research panel, composed of bank staff people, which The Marine Midland Trust Company of New York has placed at the service of its advertising agency customers—free.

Next to a new account, few things are dearer to an agency than research. It loves to dig into the public's taste. How will people receive a client's new product? What's the margin of preference for an established item over a competitor's? What's the probable market future of this paper napkin, that lipstick? The manufacturer, of course, wants to know, and he usually goes to his advertising counsel for the answers. The advertising people, in turn, take a sampling of Main Street's opinion of the product, often with the aid of a professional research organization. "Product-testing," they call it in the trade.

Now the Marine Midland Trust Company likes advertising agency accounts. In fact, it has identified itself with the advertising business, particularly at its midtown Park Avenue office which has more than a dozen agency customers who handle more than \$200 million in billings a year.

At this office Marine Midland also has a young vice-president, Alfred R. Heath, who likes advertising accounts, too. A few months ago Mr. Heath went into conference with himself and others to find ways of getting more agency business and providing better service for old accounts.

Loan promotion was out—advertising agencies, it seems, don't borrow. Solicitation was an obvious possibility . . . "but what," Mr. Heath asked, "can we offer that's *special*? We certainly can do better than say, 'Please, Mister, put your money in our bank!'"

The banker's thoughts, which know their way along the advertising trails, went exploring. They travelled several well-marked highways of possible agency interests and found nothing. Then they bumped into a byway—heretofore overlooked, but plain as the nose on your face: Product testing.

It happens that this office of Marine Midland Trust Company is one of 98 which the Marine Midland group of banks operates in 47 New York State communities. Together these

institutions have a staff approximating 3,500 persons.

"Why not ask some of these people," Banker Heath reasoned, "if they'd mind being voluntary guinea pigs for tooth pastes, razors, face powders, or what have you? We could set them up as a research panel—with their permission, naturally—and offer this product testing laboratory free of charge to any agency of manufacturing client that was a customer of the bank. The present depositors should like the plan—and it looks like mighty good new account bait."

So Marine Midland decided to set up its panel. Nearly 300 of the staff people in the New York offices thought it would be fun to serve; 379 of the Buffalo employees accepted; 95 in Rochester consented; and so on throughout the state until 1,500 names had been obtained.

Next came the big job of breaking down the panel by sex, age, salary and other classifications, and of assembling data on the paneleers' family ownership of washing machines, radios, automobiles, electric refrigerators, etc. All the information was cross-indexed so that it would be readily available to meet the needs and the whims of product-testers.

Then the bank offered this big laboratory to the agencies, with the stipulation that the surveys avoid all subjects that might embarrass the participants and that the advertising offices do the mailing of sample products and questionnaires.

## The Panel Is Accurate, Too

The panel has convincingly demonstrated not only its utility but its accuracy. The returns are high, too; the participants know they're boosting the bank and they cooperate with considerable enthusiasm. (Incidentally, they don't mind getting the samples, either.)

Evidence that this is a good cross-section of opinion came in one of the earlier tests. A company wanted information on a razor blade; it had made a survey through its agency, but decided to try the panel as a check.

"We came within .01 percent of the findings of the agency which had conducted its own test on a national basis," says Mr. Heath with pardonable pride. "The company had spent quite a sizable sum for this information and was very glad to have the results of our canvass, which confirmed its own data."

The panel has been used for diverse products: a depilatory, a hair tonic, an after-shave lotion, a tooth paste, a cigarette and a lipstick, to mention a few. Some of this was product sampling; the rest was by questionnaire.

Marine Midland emphasizes that it is not competing with the professional research organizations, but rather is supplementing their work. It's a simon-pure amateur: the service is free. Furthermore, the panel does not cover all population groups and is limited to one state.

"The opening of a bank account," explains Mr. Heath, "entitles an agency to use the service without cost. After all, agencies must bank somewhere. The question is: What do you get in return for your deposit, other than usual banking services?"

"The research panel is, we believe, a contribution to the advertising business, and especially to the marketing and re-

(CONTINUED ON PAGE 82)

Alfred R. Heath



ANGELA

# FINGER-TIP

A. F. ADAMS

Mr. ADAMS is vice-president and cashier of the Oak Park National Bank, Oak Park, Illinois.

THE tallest hurdle that stands in the way of small banks in keeping adequate credit records upon their borrowing customers and prospects probably has been the fat credit file which the country banker sees on the desks of lending officers and in credit departments of his city correspondents. The officer of a small bank which lacks credit records tends to think that such a record must necessarily be of the overstuffed variety. He knows that he and his fellow officers and his clerical staff lack the time to set up, supervise and maintain such a full and elaborate file while taking care of their other chores. Typically he asks, and supplies his own answer, "What's the need for such records, anyway, when practically every borrower in our bank is personally well known at least to the officer who deals with him?"

Without a credit department, and obviously lacking the manpower to handle any such task, the management of a small bank is subjected to a serious temptation. It can set up its credit records primarily for the purpose of keeping the bank examiners pacified, in most instances merely by taking financial statements on loans above a minimum size. But the real value obtainable from a set of credit files is to provide complete, up-to-the-minute information, so that any of the bank's officers can grant or reject loan applications on the actual merits even though the officer who usually handles the account is absent; so that existing loans may be kept under finger-tip control; and so that the customer who comes in search of advice will be counselled according to his record and the conditions prevailing in his business.

## Any Bank Can Do It

This set of sound credit objectives is within easy and inexpensive reach of most banks. The conventional objections melt when the small-bank officer grasps the elementary truth that credit records for a small bank can be adequate and at the same time simple. Most of the borrowers in a small bank present relatively simple record problems because their financial set-ups are simple. Only the very large or complex credit needs to be kept track of in the detail implied by thick files. Such files are seen almost exclusively in big banks.

Specialists in bank credit have long recognized this truth, and have been greatly concerned with the need for better credit records in smaller banks. This anxiety led the Robert Morris Associates to appoint a committee to develop a credit file that could be recommended for small banks. The committee went to work about three years ago; it brought in its report and submitted its suggested credit file system after a year's hard work. The system has been in use in a few banks since then on something like an experimental basis, and recently has been made generally available.

Left, the columnar "spread sheet" referred to by the author

NAME

	ASSETS (Spread in Hundreds Thousands)	%
1	Cash	
2	Marketable Securities	
3	Receivables (Net) and Ave. Day's Turn of Trade A/Cs.	
4	Inventory (Net) and Ave. Day's Supply	
5		
6		
7	TOTAL CURRENT ASSETS	
8	Fixed Assets (Net)	
9	Deferred Receivables	
10		
11		
12	Deferred Charges and Prepaid Expenses	
13		
14		
15	TOTAL ASSETS	
	LIABILITIES	
16	Notes Payable - Banks	
17	Notes Payable - Trade (Ave. Day's Purchases)	
18	Account Payable - Trade	
19		
20	Miscellaneous Accruals	
21	Taxes (Due and or Accrued)	
22		
23		
24	TOTAL CURRENT LIABILITIES	
25		
26		
27	TOTAL LIABILITIES	
28		
29	Capital Stock - Preferred (% to Line 33)	
30	Capital Stock - Common	
31	Earned Surplus	
32	Capital Surplus	
33	NET WORTH (Excl. Intang. & Treas. Stock)	
34	TOTAL NET WORTH & LIABILITIES	
35	WORKING CAPITAL (and Ratio)	
36	Equity Working Capital (Lines 7 Minus 27)	
37	NET SALES (and Working Capital Turnover)	
38	Materials Used (% to Cost of Sales)	
39	Labor (% to Cost of Sales)	
40	Manufacturing Expenses (% to Cost of Sales)	
41	COST OF GOODS SOLD (% to Sales)	
42	GROSS PROFIT (% to Sales)	
43	Selling Expense (% to Sales)	
44	General & Admn. Expense (% to Sales)	
45	OPERATING PROFIT (% to Sales)	
46	Other Income (% to Sales)	
47	Other Expense (% to Sales)	
48	NET PROFIT (Before Fed. Taxes and Special Items)	
49	Special Items	
50	Federal Taxes (% to Sales)	
51	NET PROFIT (% to Sales)	
52	Dividends or Withdrawals	
53	Surplus Adjustments - Debit (Red)	
54	Credit (Black)	
55	Addition to Surplus (% to Beginning Net Worth)	
56	MEMO - Depreciation Incl. in Above Exp.	
57	Executive Remuneration (Excl. Div.)	
58	Contingent Liabilities	

# Credit Control

Because its members all were practical credit men, the committee did not set out one form as the only one that would do the job. Instead, it recommended a basic file, with a wide choice of folders and a standard set of dividers inside the folder. But it pointed out that one or more sections of the file can be omitted or other sections added as desired, without destroying the efficiency or the appearance of the folder. Other changes from the recommendation which the committee specifically mentions as permissible include: side binders, though top binders are considered preferable for convenience; order of filing; form of the "spread sheet" upon which financial statements and ratios are copied each year for easy comparison.

The recommended file was designed primarily to fill the need among banks of \$10 million deposits total or smaller, and it is already successfully in use in such institutions. It is also, to our knowledge, being used by one really large bank to keep the records on the 80 percent to 90 percent of all of its borrowers for whom the simple format and information are adequate.

## One Bank's Experience

Our bank has long been using a credit file that meets all specifications of the Robert Morris file, although ours differs in some small details from the committee's top recommendations. In size, our institution is between the large and the very small, with our totals somewhat above \$20 million. We were, however, using this file to fully as good effect when we were only half so large, and see no reason why it would not be satisfactory if we grew to several times our present size. We are now beginning to use the Robert Morris file exactly as recommended, shifting over the records of a borrower as soon as the old folder wears out or needs replacing for any reason, and excepting only our largest borrowers.

The secretary of one of our officers handles the credit file routine in time not required by her secretarial duties. In a still smaller bank, this would probably be done by the note teller. At this point, it is appropriate—and honest—to insert a disclaimer of perfection in the present condition of our bank's credit file. Keeping this up is, after all, a part-time duty for the girl in charge. When more urgent work presses, the file necessarily takes second place.

The spread sheet in the file is placed in the front of the file on the left side, for ease of frequent reference and to permit use of a wide, folded sheet if desired by the bank. The dividers for the several filing sections of the folder are placed at the back of the folder, with top binders recommended as easier to handle. There are six dividers, for six sections.

The first heading is "Memoranda." Here all credit information not covered specifically by the other five headings is recorded, more particularly outlines of all loan arrangements when entered into or altered and memorandum notes of all credit discussions between customer and bank. Records of calls upon customers, and subjects covered, go into this section. All memoranda should first be read and initialed by all officers directly concerned with the account.

The second divider is "Correspondence." Here go all letters to and from borrowers on any loan or credit subjects, after reading and initialing by the officer or officers directly concerned. It is important that only significant letters deal-

ing with the specific subject be filed here, to keep down the dimensions of the credit file.

"Investigations" is the section for letters and reports from banks and suppliers on the credit and payment habits of the customer. We underline the significant parts of these letters, as a time-saver for subsequent readers.

Section 4 is "Agency Reports." Here we file regular and special reports received from national credit agencies on commercial borrowers. More recently we have been using special local agencies for consumer credit investigations, and we are planning to broaden our check-up of commercial borrowers by adding this service.

"New Account Sheet Resolutions" are filed in the next section—the resolutions furnished the bank by the customer. Thus the lending officer can turn to this section for a currently accurate list of officers and of their authorities. This also is a good place for filing the information and figures obtained when the account was opened.

The last section is "Replies to Inquiries." This refers to inquiries received from banks and other people who want information about the customer. One advantage is that it is frequently possible to answer today's inquiry with last week's letter, thus saving dictation time. Even more important is the fact that it frequently proves helpful in checking back. What we told an inquirer, or the kind of inquiry received, is often illuminating as a light-upon the customer's credit at some future time.

## "How Did We Get Along Without It?"

We wonder nowadays how it was ever possible to handle our lending satisfactorily before we had this system in use. We find, for example, that the necessity for getting initials before a piece of information goes into the file is itself a guaranty better than any other method we ever used to assure that every officer is kept informed of all significant developments in all of the accounts that he services either regularly or as an alternate for one of his colleagues. We discover that, when a customer comes in to make a partial payment and renew a note, there is no question about what we should do—it is all down in black and white.

Our loan committee leans upon these files as it could not lean upon the mere memory of facts recounted by an officer, supported by a financial statement. Now when a loan comes up for approval, full information is right there for each committee member to consider on its merits. And when, as sometimes occurs even in times like these, a loan looks less than completely desirable as it approaches its due date or a request for renewal, the full knowledge of what we thought of it, what we did about it and why is all available for consideration—even though the officer in charge of the account may be away on his vacation or ill. Examiners, too, find a great deal of useful information here.

Customers, too, show a deepened respect for the engagements that they undertake about repayments, renewals and other arrangements, since they know that the officer generally looks into a file, studies the entries there and comes up with what invariably turns out to be an accurate statement of the original understanding.

Costs of keeping up the file are negligible. The actual salary time and stationery expense involved are small. There is no assurance that, if we did not have the credit file system, we should be able either to reduce the total payroll or get other work done which is now not done.

In short, we seem to be getting something of major value for little or no extra cost.

# "Work With" versus "Work For"

KENNETH W. McLAREN

**T**HE objective of the job relations training course is to teach supervisors how better to solve the frequently recurring problems arising in personnel administration. In order to spread the load of teaching large numbers of supervisors, smaller groups are brought together in 40-hour courses and trained as trainers to teach their fellow supervisors.

In the so-called "institute" where trainers are trained, these men meet in groups of 10 or 12, seat themselves around a table, and under the guidance of an instructor learn a pattern of handling personnel problems by the practical method of presenting actual problems and arriving at solutions. In other words, beginning on Monday morning of the week in which the institute takes place, the instructor spends a day explaining the method that will be followed. In the remaining four days of the institute, through Friday of that week, each participant actually practices presenting, analyzing, clarifying and settling actual sample problems taken right out of his own experience. By the end of the week and 40 hours of instruction, these trainers are qualified to go back to their banks and teach what they have learned to their fellow supervisors. This instruction they impart to their associates in a short course of five two-hour sessions.

Mr. McLAREN is assistant to the director of customer and personnel relations, American Bankers Association.

**B**ELIEVING that human relations play an important part in developing the skill of good leadership, William S. Gray, Jr., president of Central Hanover Bank and Trust Company, New York, called a conference of supervisors who had just completed the company's program of job relations. Assembled in the board room, the supervisors listened to Mr. Gray's concluding remarks on the program:

"I endorse this program and its principles without qualification. In this essential function of management, the company looks to you, its supervisory group, for the type of effective job relations that has been demonstrated in your group conferences. Many of your daily problems of supervising individuals will fall easily into the pattern of job relation methods which you have reviewed so thoroughly. In your role as representatives of our management, leadership and a high degree of teamwork are essential in the exercise of these principles. With proper application, cooperation between departments and individuals will follow naturally.

"Good human relations stem from all levels of supervision and result in better leadership. Good public relations start with good employee relations. The business of this company has been built and will continue to grow on this basis.

President Gray (center, right side of table) talks informally to a group of officers and supervisors who have completed the job relations training course





"One more point; competent supervision depends upon a knowledge of company policy. During your job relations meetings many of these policies have been discussed. Future conferences will permit an analysis and interchange of thoughts on other policies of the company. Your viewpoint and the viewpoint of those under your supervision are important. We want you to know and understand and believe in company policies, for it is our sincere intention that the sound principles of job relations shall be effective on all levels of management in Central Hanover."

Before Mr. Gray made these remarks, this and other groups of supervisors had gone through a series of conferences based upon the "Training-Within-Industry" program. Although this program was originally a "war baby", time has not altered its excellent training features.

The principles of the plan were drawn from the experience of supervisors recognized for their ability as leaders. These principles were used successfully for many years before they were outlined in training manual form by leaders in the field of personnel relationships.

The job relations phase of the TWI program was adapted to bank use in 1944 by the American Institute of Banking. In essence, the job relations program is an intensive training plan designed to develop the skill of leadership in bank employees who act in a supervisory capacity. Since the entire effort is concerned solely with the development of this skill, the program is adaptable to any bank regardless of size.

At Central Hanover the program was inaugurated on a conference series basis in March 1947, under the general direction of Thaddeus C. Cox, assistant vice-president and past

president of New York Chapter of A.I.B. Only minor changes in the A.I.B. job relations manual were made and these were primarily in the case histories set forth in the manual. Instead of using theoretical examples of supervision Central Hanover preferred (as will most banks which utilize the program) to lift case histories of supervision right out of its own experience. This tends to personalize the discussion and permits individual participation and contributions from each member of the group.

The first step in installation of the Central Hanover program was the selection of two men to act as conference leaders. The men chosen had the poise and supervisory experience to handle effectively the training assignment. One was an officer and the other a member of the training section of the personnel department. Both registered and received their training at the five-day Institute for Job Relations course given at the New York Chapter of the American Institute of Banking.

(CONCLUDED ON NEXT PAGE)



Right, Freda M. Otten, supervisor in the telephone department, discusses procedure with Rosemary T. Mahler (center) and Ann H. Dunnege. Below, a JRT group in session, with Daniel R. Howe of the personnel department talking to the supervisors



The bank's second step was to determine which supervisors were to receive this training. The analysis of the supervisory force revealed two distinct groups. The first numbered 190 and consisted of senior and junior officers, department heads and their assistants who had employees under their general, direct or immediate supervision. The second group of 120 officers and other staff members, although not engaged in quantitative supervision, was in frequent contact with other members of the staff. It was decided to give the group engaged in day-to-day supervisory responsibilities the full "job relations" program, while the second group was given a shorter indoctrination.

The standard job relations program for supervisors called for 10 hours of training time with no more than 10 to 12 persons in a group. In order to provide continuity of instruction with the least amount of time away from the job, a daily program of two hours' duration (from 9:30 to 11:30 each morning) was established. Two conference sections were scheduled at a time. Section I met on Monday, Wednesday and Friday of the first week and on Tuesday and Thursday of the second week. Section II met on Tuesday and Thursday of the first week and on Monday, Wednesday and Friday of the second week. Wherever possible, the sections were composed of individuals with substantially the same supervisory responsibilities.

At the beginning of each 10-hour session Mr. Cox made a brief statement of the company's aim in initiating the program, introduced the conference leader and then left the room. As the first order of business, the leader asked each supervisor to introduce himself or herself, state the number of years of service, provide the group with a thumbnail sketch of personal history in the company, and the number of persons supervised. All meetings were conducted informally in an atmosphere of strictest four-walls confidence.

For the officers and staff members who could not technically be classified as supervisors, two two-hour appreciation sessions were substituted for the 10-hour program. The principal difference was the elimination of participation in the presentation of individual problems. However, the important features of supervisory principles and job relations foundations were retained and emphasized in detail. During the closing minutes of the last day of each conference session, Mr. Cox returned to the group accompanied by a senior operating officer who stressed the importance to the company of the principles discussed. He pointed out, too, that the program would be effective only if used on the job day after day and if every supervisor made it a part of himself.

As indicated in the beginning of this article, groups of 25 to 30 supervisors have reassembled at various times on Mr. Gray's invitation to hear his personal endorsement of the program and a review of the benefits which he expects from its practical application.

This does not mark the end of the program. The interest and enthusiasm created by the job relations program and the complete stamp of approval by top management have already resulted in follow-up meetings. At these, discussion centered around matters of current interest to supervisors, such as merit and performance rating, job evaluation, suggestion system, lateness, absence and overtime.

With the A.I.B. job relations program as its starting point, Central Hanover has developed a conference-discussion approach that permits a two-way flow of information. Its application down the line should emphasize the importance of leadership in the development of harmony and understanding throughout the company, and achieve, more than ever before, the "work with" rather than the "work for" attitude, thereby attaining maximum efficiency through team work and cooperative effort from every individual in the company.

A conference conducted at Central Hanover for supervisors as a follow-up to the JRT program. Standing, facing the camera, are, left to right, Mr. Howe (see picture, page 39), Thaddeus C. Cox, assistant vice-president who lead the conferences, and Herman A. Steller, assistant vice-president of the bank



# BANK INVESTMENTS

MARCUS NADLER

*The possibility of a rearmament program, with its effects on the national economy, makes particularly timely the following discussion by DR. MARCUS NADLER, professor of finance at New York University, presented at the Eastern Regional Savings and Mortgage Conference held by the Savings Division, American Bankers Association. Although DR. NADLER is primarily concerned with the investment principles and program of savings banks, his analysis, particularly of federal fiscal policy and the status of government bonds, is of interest to bankers generally.*

It is always difficult to develop a long-range investment policy. It is particularly difficult in 1948. There are great uncertainty and confusion all over the world, which make it impossible to state what tomorrow will bring, not to mention next year. Hardly three years have passed since the end of the war. The wounds of the last war have not as yet been healed and yet there is fear of a third world conflagration. The lights in Europe are going out in one country after another, repeating the pattern of 1938, except that a Red dictatorship is replacing the collapsed Brown-Black dictatorships. Even without war and political unrest, it will take years before the economies of the world have overcome the after-effects of World War II and are in balance again. Nobody can tell what the effects of the changes that have taken place during the last decade and those to come in the future will be on the economy of the United States.

At home, too, the situation is full of confusion and uncertainty. Our economy is witnessing a tug of war between the forces of inflation and deflation. There are evidences that in many lines the supply is catching up with the demand. Buyers' resistance is increasing, merchandise is backing up and the volume of retail trade expressed in terms of units is smaller than a year ago. Money has become tighter and is much more difficult to obtain than was the case only a few months ago. Even real estate, a commodity in which the demand is still far greater than the supply, is not moving at the same rate as before.

But while deflationary factors are becoming apparent we must not overlook the powerful inflationary forces that still operate in our economy. There is an increased demand for higher wages and some strikes are definitely affecting the output of commodities in this country. There is the possibility that a rearmament boom may develop which not only may convert the present government surplus into a deficit but will accentuate the scarcities of many commodities. At the same time the Government is doing everything within its power to keep prices up.

Strong as the inflationary forces are and irrespective of the stimulus that they may receive from a rearmament program, it is well known that inflation does not last forever, and the higher prices go the greater will the decline be. This applies to all commodities as well as to real estate. Under

## A Role for Savings Bankers

INVESTMENTS by savings banks should be guided primarily by safety. They should help develop the localities where their depositors live. Investments in mortgages at present should be made with great caution and with the realization that real estate prices are highly inflated. It would be better if the investments in mortgages were steady and not marked by sharp ups and downs. Through a judicious investment policy, particularly in mortgages, savings banks as well as other large institutional investors can exercise a considerable influence on business activity and prevent a further material increase in prices, notably of real estate. ¶ In spite of the great uncertainties which prevail at present, savings banks need not be afraid of their long-term government obligations. They are the highest-grade security available in the country and their great marketability has been clearly demonstrated during the last few months. ¶ Savings banks, as administrators of the savings of millions of people, are vitally interested in economic stability and in peace. Their investment policies can be effective in fighting the forces of inflation. The managements of savings banks enjoy great prestige among their depositors and this could be utilized for the purpose of stimulating interest in the international economic and political situation. — THE AUTHOR

these circumstances it is therefore not surprising that many officers and trustees of savings banks became jittery about their long-term government obligations and sold some of them. In part the sale was intended to provide the savings institutions with the necessary funds to meet their commitments. In part, however, it was the result of fear and a desire for liquidity.

If, however, officers and trustees of savings banks were to  
(CONTINUED ON PAGE 124)

# Is Devaluation Out of Fashion?

PAUL EINZIG

*This well known British economist and financial writer was the author of "Thoughts on the Tomb at Ft. Knox" in December 1947 BANKING. He has written a number of books on political and economic subjects which have had wide circulation on both sides of the Atlantic.*

**T**o devalue or not to devalue? That is the question confronting many European governments today. Some of them have already devalued once or twice since the end of the war, but they may have to decide whether to do it again. Others may have yet to take the first step which, as is well known, is by far the most difficult. All of them will have to deal somehow sooner or later with inflation inherited from the war and accentuated through postwar difficulties. And devaluation — that is, the lowering of the official gold value of the national currency — is one of the obvious ways of mopping up inflation.

In the distant past, major wars were usually accompanied or followed by a debasement of the coinage. In more recent times war financing resulted in inflation of paper money and of credit, leading frequently to a devaluation of the currency. This is what happened in many European countries as a result of the Napoleonic wars, and, to a much larger extent, after World War I. Between 1914 and 1918, and even more during the early postwar period, the purchasing power of all currencies depreciated more or less. In the majority of the European countries participating in the war this process had gone so far that there was no hope of ever restoring the prewar value of the currencies. Accordingly, their legal gold value had to be adjusted to their reduced commodity value, by means of a devaluation.

Britain was one of the few countries which tried to avoid devaluation during the Twenties. But the attempt "to make the pound look the dollar in the face" had to be abandoned

Because the French government held out too long against an overdue devaluation of the franc, France became in 1947 one of the most expensive countries to live in; tourist traffic and the export of luxuries threatened to come to a standstill. After a second devaluation in January 1948, an unofficial fluctuating market was created in gold and dollars



in 1931, when the pound was allowed to depreciate. Its fall was followed by another worldwide wave of currency depreciations and devaluations. Even the dollar did not escape its fate on that occasion.

It was widely assumed after World War II that, in this respect as in many other respects, history would repeat itself. And indeed Europe and the Far East have witnessed the depreciation and devaluation of many currencies. Even during the war the Allied occupation authorities devalued the Italian lira and the currencies found in countries liberated from Japanese occupation. In occupied Germany the mark had to be devalued. In 1944 liberated Greece hastened to devalue the drachma — grossly inflated and depreciated as it became during the German occupation — to a negligible fraction of its original gold value.

During the first two postwar years France, Italy, Greece, Hungary, Rumania and other continental countries carried out more or less drastic devaluations. In each case this became necessary as a result of the steep rise in prices due partly to inflationary financing of budget deficits and partly to the scarcity of essential goods. Even Soviet Russia, in spite of the peculiar character of her controlled economy, found it necessary towards the end of 1947 to devalue the ruble to one-tenth of its original value.

## History Repeats—with a Difference

As after World War I, these devaluations became unavoidable after 1945 because it was found impossible to stop the avalanche of inflation. When history repeats itself, however, it usually does so with a difference. The epidemic of postwar devaluations in the Forties differed in some respects from that of the interwar period. In the Twenties and Thirties exchange rates were usually first allowed to depreciate and find their own level, and then they were stabilized at the new level after their official devaluation, the latter act merely confirming the previous actual depreciation. During recent years, on the other hand, most governments tried to maintain the exchange rates of their currencies with the aid of exchange control; and when they found this difficult, owing to the sharp rise in internal prices and of foreign exchange rates on the black markets, they then decided to lower the gold value of their currencies with one stroke, instead of allowing them to depreciate and find their own level.

The wide and irregular fluctuation of exchange rates, which was such a prominent feature of the years that followed World War I, was now confined in most countries to the black market. China provided one of the few exceptions. There the official rate of the dollar was moved up and down (mostly up) within a wide range. In other countries black markets assumed such an overwhelming importance that prices for foreign currencies quoted there came to be regarded as the true exchange rates, and dealings in them had to be tolerated by the helpless authorities. Nevertheless, while after World War I the official values of currencies depreciated through irregular fluctuations, after World War II they depreciated through a series of devaluations.



There was an even more important difference between our devaluation experiences in the Thirties and those in the Forties. In that decade the attitude of governments towards devaluation changed materially. During the Thirties currency depreciation and devaluation came to be regarded as a remedy against most economic ailments. It was advocated and applied as an employment-creating device; for, since it tended to stimulate the volume of exports, it was a means of "exporting unemployment." It was a welcome means for reducing the burden of excessive indebtedness, for the real value of the debts was lowered through the reduction of the value of the monetary unit in which they were expressed. It was favored as a device enabling the monetary authorities to write up the book value of their gold reserves, and for expanding the note issue based on those reserves. As a result of such considerations, country after country devalued cheerfully, and the world witnessed an unprecedented competitive devaluation race. Since many countries pursued precisely the same aim, there seemed to be no end to this strange competition, until the outbreak of World War II led to decisions to freeze most exchange rates at the then prevailing levels.

### Schachtian Policy

Germany, of all countries, having had an overdose of currency depreciation and devaluation in 1923, kept aloof from this depreciation race. Acting on the advice of that shrewdest of currency-wizards, Dr. Schacht, the government of the Reich maintained the old exchange value of the mark while practically all other currencies were lowered in value. Dr. Schacht duly realized that the gains achieved through devaluation were mostly illusory. It is true, devaluation tends to stimulate exports for a while, but since it also means that lower prices are accepted for the goods exported the gain is often more nominal than real. Germany, having achieved full employment through rearmament, had no unemployment to export by means of devaluation. At a time when most governments firmly believed in the advantages of fixing the exchange value of their currency too low, Dr. Schacht discovered the advantages of having an "overvalued" currency. Thanks to the relatively high exchange value of the mark, Germany received more imports in exchange for the same amount of exports than would have been received if Dr. Schacht followed the then prevailing devaluatory fashion in monetary policy. Indeed the Nazi Government actually forced various continental countries before and during their occupation to devalue their currencies in relation to the mark, in order that Germany should be able to buy their goods cheaper with the aid of overvalued marks.

The advantages of the Schachtian policy came to be widely realized after World War II. Now most countries pursue the same aim as Germany pursued during the Thirties. They want to maintain a high international value for their currencies. They are trying to uphold their old gold parities as long as possible, in spite of the rise of their internal prices and the depreciation of their exchanges on the black market. Indeed, two countries, Canada and Sweden, went so far as to raise the gold value of their currencies. Currency overvaluation has become fully as fashionable as currency undervaluation was 10 to 15 years ago. The exportable surpluses of most countries are limited, and they can obtain high prices in a sellers' market, so why try to stimulate exports by lowering the exchange value of the currency? Moreover, the higher the value of the cur-



Dr. Hjalmer Schacht, head of the German Reichsbank, as he appeared in 1933. Acting on the advice of that "shrewdest of currency-wizards, Dr. Schacht," the government of the Reich maintained the old exchange value of the mark while practically all other currencies were lowered in value during the Thirties

rency the more they can afford to pay for vital food and raw material imports. This explains why, owing to the relatively low value of the pound, countries such as France and Poland were able, thanks to their overvalued currencies, to outbid Britain in competition for Danish butter.

### Many Countries Had to Devalue

There is, however, another reason why devaluation is not popular. The examples of Greece, France, Italy and other countries show that premature devaluation, effected before general economic and especially political stability has been achieved, does not solve the problem except quite temporarily, and that the operation has to be repeated over and over again. After each devaluation prices resume their rise sooner or later, and the devalued currencies go to a discount in the black market.

In spite of the popularity of the anti-devaluation philosophy, many countries had to devalue, not because they wanted to but because the nominal official value of their currencies had lost touch hopelessly with their real value as indicated by commodity prices and black market rates. Because the French Government held out too long against an overdue devaluation of the franc, France became in 1947 one of the most expensive countries to live in; tourist traffic and the export of luxuries threatened to come to a standstill. When eventually a second devaluation of the franc was decided upon in January 1948, an unofficial fluctuating market was created in gold and dollars, in order to allow the franc to find its level in the same way as it did in the free market that existed between the two wars. A some-

(CONTINUED ON PAGE 94)

# Keeping the Dust off Business Textbooks

THE scene is a fraternity house of a large eastern university. The time, dinner. A bell of rather startling size had just announced the fact and the response from the customers was instantaneous as always.

The group that went to work on the fried chicken, mashed potatoes and peas was a good average sample of today's college students. Also at the table were two guests, a professor and a businessman.

"The trouble with colleges," said the businessman, very sure of himself, "is that they turn out business and financial graduates who may know how to read a book but are almost illiterate when it comes to newspapers, magazines or sources of current news."

This was Mr. BM's last remark for a while because he began getting answers from all over the place. Most of them contained more than a hint of the question, "Where have you been keeping yourself, Rip Van Winkle?" and "Tell us some more about the Gay Nineties." It happened that the professor at the table was a leader in the type of classroom discussion that concentrates on events of the day. So, while it may be true that some universities live too much in the past and dwell too much on theory, the businessman was soon convinced that in this school, at least, every effort is

made to keep students informed on current developments new methods, ideas and personalities.

Certainly there was never a time when this was more essential to a real education. In order to determine the extent to which this might be true of business and banking schools generally, BANKING interviewed by mail a number of educators, and the results speak well for the future crop of banking and business leaders.

## A Necessary Supplement

Roger S. Hamilton, dean of the College of Business Administration of Northeastern University in Boston, regards current publications as a necessary and useful supplement to classroom instruction. "The extent to which such publications are used," he said, "depends on the nature of the course."

"If a student is to acquire a sound knowledge of business, banking, finance, or general economics, he must combine studies of theory with the regular reading of good newspapers and business publications. Due to a lack of time, no college or course is able to present the multitude of current facts and experiences which a student must absorb if he desires to become well grounded in a particular field. Use of current periodicals is then a necessity for any serious student."

"That part of the objectives of this course which I wish particularly to call to your attention," says Richard W. Morin, executive officer of the Great Issues Course, Public Affairs Laboratory, Dartmouth College, Hanover, New Hampshire, "has to do with our attempt to teach our seniors the techniques of keeping themselves informed, in their day-to-day adult life, on topics and issues of national and international concern. Our thought is that our graduates can more quickly and usefully take their places as responsible citizens of our democracy, in whatever community they may choose, if they leave us with, first, a familiarity with the sources of information which are available to them in adult life, and, second, some critical standards for evaluating those sources of information."

"In addition to being familiar with the more commonly recognized informational sources such as the daily press, it seems to us indispensable that the man who graduates from Dartmouth should also be familiar with at least some of the publications of such organizations as the American Bankers Association."

"Our general thought is that there should be available in the laboratory, on each of the organized groups which we are consulting, first, a basic study or two on the organization itself, including a description of its structure as well as its purposes, and, second, the periodic or irregularly published material of the organization dealing on an informational level with topics of public interest. We are particularly interested in a sustained series of publications which will enable the student to follow thoroughly the organization's informational program on a number of such topics."

R. G. Rodkey, professor of Banking and Investments, School of Business Administration, University of Michigan,

Business students at the University of Mississippi get practical experience in the use of office machines





A class at the University of California, Los Angeles, uses one of the business publications to which students subscribe

says, "In their reading rooms are available for students in the school over 225 newspapers and periodicals. Also available are the complete statistical services of Moody's and Standard and Poor's, and up-to-date files of annual reports of hundreds of leading American corporations. . . . Both money and space would be wasted," he added, "if this material were not in constant use by students in the school in connection with their various courses. This is only one of the ways, albeit an important one, in which theory and practice are brought together."

### Required Reading

H. V. Olsen, dean of the Amos Tuck School of Business Administration, Dartmouth College, says: "We have approximately 200 newspapers and periodicals. In other words, we get all of the leading newspapers and current periodicals in the field of economics and business and, of course, the leading daily newspapers.

"These publications are right in our library where all of our students circulate every day. In a number of courses they are expected to read the periodicals that pertain to that particular course and they are all required to read regularly at least two daily newspapers and also daily business papers. In other words, we make considerable use of our periodicals in connection with our courses.

"I would certainly say that we find the teaching of business, banking, finance and general economics to be made more practical, interesting and stimulating by having these newspapers and periodicals currently available and associated with specific courses. In addition, of course, we make heavy use of specially prepared problems and cases developed from realistic situations. We rely more on them to give our students a sense and understanding of the reality of things in the world of business and economics. A combination of

newspapers, periodicals, textbooks, cases and problems makes, we believe, a very effective one. I do not see how any collegiate school of business can do a first rate job without making regular use of all of these sources."

### Term Papers Depend on Periodicals

"Our use of financial newspapers and periodicals in our finance curriculum is so extensive that it would seem to be feasible only in general terms to give you an idea of what we do," says Marshall D. Ketchum, associate professor of Finance of the School of Business, The University of Chicago.

"Our library subscribes to all financial newspapers and magazines and many business and financial services.

"Specific assignments are made in our courses in finance of many articles appearing in the professional journals and frequent reference is made in class presentation to other current material. Each student in each course writes a term paper, the preparation of which requires extensive reference to current periodicals. In addition, students concentrating in the field of finance are required to pass a comprehensive examination in the last quarter of their work in which emphasis is placed upon ability to apply the theoretical material of the formal course work to current problems and issues in the finance field.

### The Function of a College Curriculum

"I would like to stress the point that a course can be planned in such a way as to go too far in the direction indicated. The principal function of a college curriculum should be the implantation in the student of a theoretical structure or groundwork which he may apply after graduation to the specific business and financial problems which arise in his life."

(CONTINUED ON PAGE 108)

# World Trade, ERP and the Banker

*The following is an interview with THOMAS C. BLAISDELL, JR., assistant to the Secretary of Commerce for International Trade and director of the Office of International Trade. The interviewer was HERBERT BRATTER, Washington writer and regular contributor to BANKING on "World Business." The questions are Mr. BRATTER's, the answers, Mr. BLAISDELL's.*

**Q:** MANY people feel that under the European Recovery Program normal commercial methods will be replaced by government-to-government trade. Is this true?

**A:** No. The objective of the program is recovery; and since the type of recovery in which we are interested is characterized by the development of business operations on a broad scale, private trading channels will undoubtedly be used for most of the commodities that will be sent to Europe. Government-to-government transactions will take place in the purchase of a few bulk food commodities, such as grain; but on the whole, there should be under the program little change in our way of doing business in Europe or elsewhere.

**Q:** If government buying is not going to be used, how can the public be assured that the ERP funds will be employed wisely?

**A:** Much thought has been given to this problem. The Administrator of the program will plan in considerable detail the types of goods to be purchased, and the control will be exercised through the existing export-control machinery with which the American business community is now fully acquainted. In this way shipments to Europe under the program can be planned and regulated so as to fit in with demands in the U. S. for commodities in short supply and to

interfere as little as possible with our trade with other parts of the world.

**Q:** It seems then that the American banker will continue his essential position in the foreign business of the United States with Europe, as well as the rest of the world. Won't there be any change at all in what the banker has done in the past, with regard to the financing of exports?

**A:** The banker will continue to perform an essential function in securing payment to the exporter for his goods. Payment cannot be made until the essential documentation of a transaction has been completed. This involves not only the necessary invoices and other private documents, but also the attachment of the essential governmental documents. It is possible that the details which will be required by the Administrator of the European Recovery Program for making American funds available to governments and private buyers will call for some change in the present requirements. Bankers who have been active in this business in the past will of course be keenly interested and will be pressing for the establishment of the simplest and most direct procedures so as to limit the paper work which is already large.

The government agencies responsible, and this involves the Departments of State, Treasury and Commerce as well as the Administrator of the Economic Cooperation Administration, will be doing their best to develop procedures that will follow established commercial practice. The few changes they make, except to simplify procedures, the easier it will be for everyone to adjust to the new program. Conferences have been held with bankers as well as with other persons active in the export trade as to the procedures which might be most easily carried out. By the time this is published, these procedures will have been established.

**Q:** You indicate that the banker has certain duties to perform in the transferring of funds. How else can he be of help to his clients, who may not be acquainted with all the necessary procedures in the field of export trade?

**A:** That's a good question. Those bankers who have been accustomed to foreign-exchange transactions know only too well how far they have to go in familiarizing themselves not only with the requirements of the United States Government, but also of other governments, as well as with the commercial and banking laws of other countries, if their clients are to be paid promptly. Those banks which have been in this type of business have found it necessary in recent years to spell out in considerable detail to their clients just what is needed in the way of documents. However, every document represents not only paper work but also some substantive action and some decision made at some time. Hence the bank officers responsible in this field find it necessary to be fully acquainted with the changing requirements of many governmental regulations over trade.

This is not a simple business at all. It has become even

Mr. Blaisdell



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more complicated in recent years, with great increase in various types of governmental restrictions. It is for this reason that many small banking institutions find it impractical to do this kind of business unless the volume is large enough to warrant a full-time officer thoroughly acquainted with the multitude of details involved and the reasons for the various types of requirements. Bankers have since learned that they must keep at hand detailed files both of the regulations of foreign countries and those of the United States Government, if they are to serve their customers properly in foreign trade matters.

**Q:** Right on that point, just what can Commerce Department do to help bankers keep informed of government regulations?

**A:** The Department of Commerce has made it a practice to provide information not only with regard to the regulations for which it is responsible, but also information in this field which comes from other nations. I might comment in passing that there have been some very difficult problems with regard to the use of the letter of credit, when export licenses are required. The timing of the letter of credit so as to coincide with the period of validity of the export license has made it necessary for the Office of International Trade to take special action from time to time, to expedite the issuance of licenses when letters of credit are of short duration. Bankers have long been helpful to their clients in advising on the proper means of credit and the use of these various types of financing in relation to export licenses.

**Q:** What you say, Mr. Blaisdell, indicates that there should be close working relationships between the banks and the OIT with regard to export control problems. Are there other fields in which the bankers can use the services of the OIT? I recall that in the past bankers and businessmen were able to get information directly from American commercial attachés abroad, when they were directly under the Department of Commerce. Now that the commercial officers are attached to the Department of State, is the same type of service available?

**A:** I should mention that most banks interested in foreign business are on the OIT's regular mailing list for all export-control regulations and receive such information as a matter of course. With regard to the second part of your question, the same service is still available from U. S. officers abroad as was available when these officers were part of the staff of the Department of Commerce. Bankers wrote directly to these officers for information. But this practice was found to impose an unduly heavy burden on our embassies abroad. As a result, replies were slowed down so much that a more efficient method had to be found.

New procedures have been developed which are even more expeditious than direct communication between the private businessman and the commercial officers. The present procedure is for the bankers or other businessmen to communicate directly with one of the officers of the Department of Commerce. This can be done either through the many district and regional offices from coast to coast or by communication directly with the OIT in Washington. Requests which can be answered in terms of information already available in these various offices are handled directly from these domestic sources. Much of the information which is desired is already at hand. Where it is necessary to secure special information, inquiry is made either by cable or by airmail and the reports can be obtained very quickly.

**Q:** Can the Department of Commerce be of any direct help to bankers and businessmen traveling abroad?



OIT PHOTOS

Whether it's bananas from Honduras (above) or huaraches from Mexico (below), the banker, says Mr. Blaisdell, will continue to perform an essential function in the world trade picture. Banks interested in this type of business can be kept abreast of government regulations and other developments by placing themselves on the OIT's regular mailing list. Mr. Blaisdell points out that foreign trade "has become even more complicated in recent years," with restrictions increasing



**A:** Our commercial officers abroad are always glad to be of help to businessmen who are traveling. While it has been found undesirable to give official letters of introduction to American businessmen traveling abroad, the Department will take the responsibility, whenever asked, to notify the commercial officers abroad of the arrival of any businessman and of the nature of his problem. In this way, he is able to call on an officer who knows about his trip and the American Mission can arrange for him to see those officials who can be most helpful to him.

**Q:** One of the problems which involves considerable risk for American businessmen, of course, is the fluctuation of exchange rates. What is the Government doing to eliminate that risk?

**A:** Dealing with the fundamental economic problems which produce changes in the value of foreign currencies involves a series of difficult and extremely complicated adjustments. The most important thing that we in the United States can do is to keep our own monetary and financial

(CONTINUED ON PAGE 132)

# Pitfalls of

Drawings by DICK ERICSON



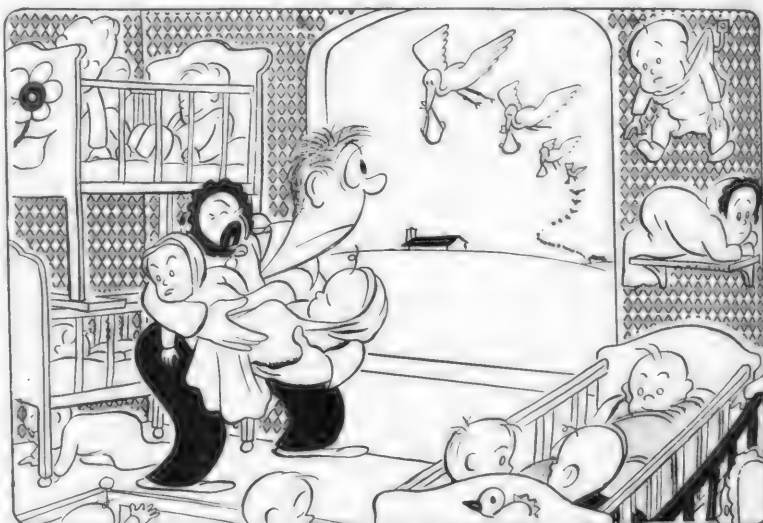
They built a palace on a bungalow income

**B**ANKING presents here some of the hurdles and hazards encountered by the hopeful but inexperienced home-builder—if he doesn't watch out.

He may build beyond his income and maintenance ability (left) or he may try to cut the financial corners by doing without some of the things that are really necessary to make a house function properly (top right, opposite page). He may also, through overzealousness to be thrifty, try to be his own architect or lawyer. The results are always distressing, and never funny to the owner who pays the final penalty. He may forget to check up on the zoning laws before



He didn't have a contract



This family forgot about expansion

He didn't investigate his neighborhood before building



The specifications weren't fool-proof



BANKING

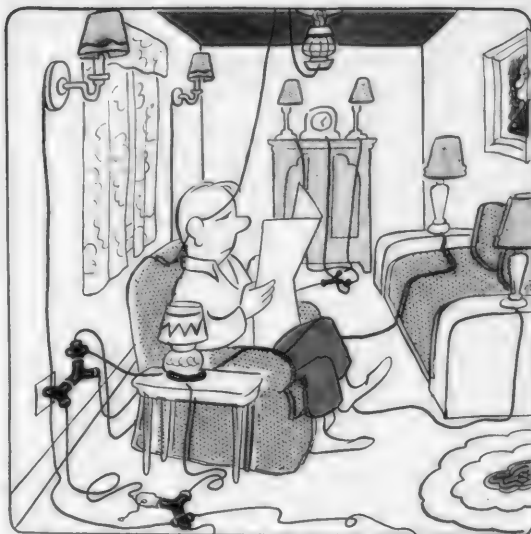
# Home Building

he builds. (Glue factories are very unpleasant next door.) Then, too, if ping-pong or photography are hobbies of the family, they ought to be provided for. A lavatory full of photo developer has broken up many happy homes.

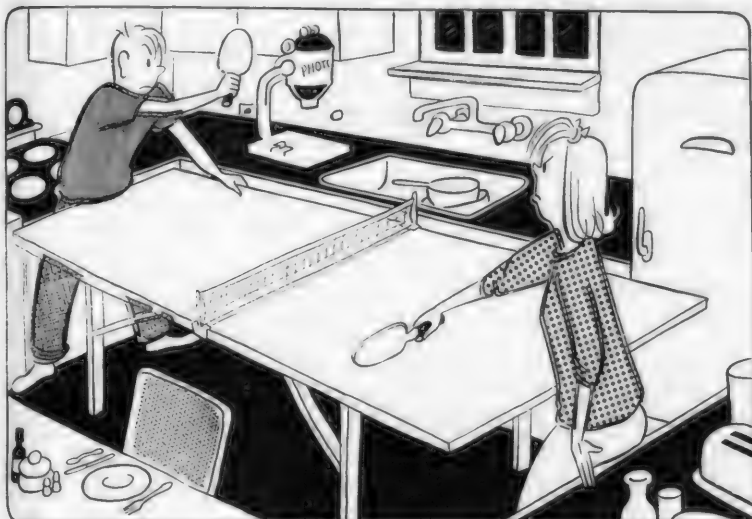
The builders who don't take future developments into account are headed for trouble. Cribs and playpens all over the house can be very unsightly.

Finally, the choice of a building contractor is almost as important as the choice of a wife. In some ways he actually becomes a member of the family. At least, the family has to live with his handiwork for a long time.

The best insurance against pitfalls is the architect, who will know many more of them than appear here.



He skimped on necessities—electric outlets, for example



This family forgot to provide hobby areas



He thought any contractor would do

—and somebody here tried to be his own architect



He tried to be his own lawyer





HARRIS & EWING

## *Some Inconsistencies Along the Potomac*

LAWRENCE STAFFORD

**T**HE first big milestone to watch is late June or early July. If the Congress does not see fit by that time to push the nation faster and much farther down the road to military preparedness, the test may not come until next January—and not then unless the pressure from Russia remains unabated.

Meanwhile the Government will behave like a vaudeville actor who does not know that the curtain has gone down on an old act and some one else is drawing the spotlight on the national and international stage.

President Truman originally sprang the proposal to restrict the volume of bank credit in his "anti-inflation" message to the special session of Congress last November. This was one of the "ten commandments" for fighting inflation. Subsequently Marriner S. Eccles, then chairman of the Federal Reserve Board, promptly proposed to Congress that this general objective of restraining credit be achieved by Congressional enactment of a law empowering the Reserve Board to order the maintenance by banks of a special or secondary reserve in the form of short-term governments, cash, and inter-bank deposits equivalent to 25 percent of their demand, and 10 percent of their time, deposits.

Only two government agencies heartily favored this scheme. They were the Council of Economic Advisers and the Federal Reserve Board. Outside these agencies, there was considerable doubt as to the feasibility of such a plan. Other officials privately if not openly opposed it. There was considerable fear that its effect would have been to attack inflation by promoting "a little recession now to avoid a bust later." The Treasury actually opposed the plan. There

was a fear that if business were forced downward by monetary devices there was no telling how far down it would go.

Meanwhile three things happened.

The American Bankers Association launched its large-scale, nationwide campaign to convince bankers of the wisdom of using lending policies which would counter the general inflationary trend. They were encouraged to make loans which would facilitate the production of scarce items and discouraged in the making of loans which would increase consumer competition for the purchase of scarce articles. Both trends countered the inflation of prices.

Demotion of Marriner S. Eccles was the second of the events which happened. At the invitation of the President, Mr. Eccles stepped down from chairman to vice-chairman of the Federal Reserve Board. This latter shift was generally and widely interpreted, even though never explained so officially, as expressing the apprehension of the Administration over Mr. Eccles' credit restraining ideas.

### **Signs of Inflation's Abatement**

Finally, by Spring of this year there developed important signs that inflation was in the way of abating its force. Even the Council of Economic Advisers, in its latest public report, indicated that but for the preparedness program and the coal strike, there was a prospect that inflation was ending.

It is agreed among most government observers that the A.B.A. voluntary credit restraining program played a prominent part in the lessening of inflation pressures. The volume of loans leveled off.

It is agreed in all government quarters that the A.B.A.

**BANKING**



credit restraint program was a success. When asked at a recent press conference what he thought about the volume of bank loans, Treasury Secretary Snyder volunteered:

"An effort was purposely made by the American Bankers Association to interrupt inflationary loan trends, and it seems they have accomplished their program rather well. It is more a cause of satisfaction right at this time than anything else, that they have, on a voluntary basis, accomplished this curbing of inflationary credit."

In short it appears that the nation's banks have operated (1) so as to avoid in themselves contributing to inflation, even though this has meant decreased business and earnings, and (2) have gone even further by their voluntary program in helping arrest inflation.

Nevertheless, Vice-chairman Eccles and the President's Economic Council have separately renewed requests for enactment of legislation adding a further restriction on the extension of bank credit. The Reserve Board told Congress this power was necessary to combat the inflationary forces unleashed by the enactment of the tax reduction bill and the launching of a preparedness program.

These same factors also were cited by the Economic Council, which further saw the need for credit restraint magnified by the coal strike, which further gave rise to shortages and hence the threat of inflation.

### New Concept of Banks' Function

Thus there is a new conception of the function of the nation's banks. If the Administration's cue were followed, the banks do not merely share the responsibility of not contributing to inflation. They must do more. Apparently the banks are to be used additionally to counter the inflationary effects of all contingencies over which they have no control, like preparation for war and nationwide strikes, Congressional tax reduction, and the like. Theirs is indeed a big responsibility.

Yet the irony of the situation is that Congress actually may enact higher legal reserves, even if not as high as the Administration might want them. That is because this bank credit restriction business is part of the old show. During that show Mr. Truman made a great deal of his anti-inflation program, and of the failure of Congress to enact it. Congress does not want to take stand-by price, rationing, and allocation controls. It is inclined to favor granting authority to the Reserve System to put further restraints upon the operation of banks. This is something the public understands least, so its enactment would hurt Congress least.

Congress is inclined to favor this as the least obnoxious of the "10 points." Thus Congress finds itself in a mood possibly to go along with a restraint of the by-gone era of peacetime inflation, just as the era of wartime or a junior wartime inflation appears to be breaking over the country.

Probably the principal chance that further legal reserves will not be voted lies in the possibility Congress may be too busy.

Even should Congress find the time to increase legal reserves as requested by Mr. Eccles, it will pay no attention to that official's reiteration of his plea for the special or secondary reserve. That plea was largely a gesture on behalf of consistency. The active proposal is to increase legal reserves for "country banks" to 25 percent, for reserve city banks to 30 percent and for New York and Chicago banks to 35 percent. And these higher reserves, Mr. Eccles said, would be of a stand-by character. They would not be required, even if the Board were empowered

to ask for them, unless bank credit expanded materially in an inflationary situation. No one expects the secondary reserve scheme to be enacted.

There is confusion within the government leadership on this question. When Thomas B. McCabe was being questioned by a committee on his nomination for membership on the Federal Reserve Board, he gave the impression that he had an approach toward the inflation problem quite distinct from his predecessor as chairman of the Federal Reserve Board. Whether this impression was or was not justified, it appeared that Mr. McCabe believed that the entire question of the danger of inflation and its means of control should be subjected to a fresh and thorough study in the light of new circumstances, particularly preparedness. He emphasized the desirability where possible of the voluntary approach toward attacking inflation, over the regulatory approach. Yet Mr. McCabe is the appointee of a President who reiterates the demand for the regulatory approach.

As a matter of fact, confusion within the leadership of both the Congress and the Administration is pervasive. It is almost inescapable when a President is fighting for reelection with his back to the wall. It certainly is inescapable for a Congress which, having no President, has no leader, and when both Houses of Congress are filled with Presidential aspirants.

Thus while certain key Administration quarters were giving every private support they could to any move which would bring about the enactment of a public housing bill, the Federal Reserve Board was inveighing publicly against inflationary mortgage lending.

### A Glaring Example of Leadership's Absence

In respect to planning for the contingency that war might come, the absence of leadership has been most pronounced. At the outset it can be stated that officials have not been expecting war. Their planning does not contemplate the possibility of war in the near future.

Nevertheless, war always remains a contingent possibility under present tensions. In the face of this outlook, the Department of Defense has failed to develop a program of industrial mobilization. All it has done thus far is to blue-print

Both Congressmen and the public are being educated in the needs of our military establishment—a question which enters into a wide variety of legislative debates. Below, General Bradley, Chief of Staff, explains to a committee a problem in manpower requirements



HARRIS & Ewing

an organization for planning industrial mobilization. Industrial mobilization planning hence is only beginning.

Likewise officials have not as yet begun to think of the long-range problem of financing a greatly expanded war mobilization program, in the light of an existing national debt of \$253 billion. Thinking has been confined to the immediate problem of deficit financing in the early stages of a large preparedness program.

So with the budget—this time illustrating Congressional absence of planning. When the decision to cut around \$4.8 billion from individual income taxes was reached by Congressional leaders, they also resolved, albeit informally, that no tax cut would be permitted which would jeopardize a budgetary surplus of \$2 billion, minimum, for fiscal '49. Just as the tax cut was secured in Congressional sentiment, the President came forward with his St. Patrick's Day message, beginning the broad swing of American policy from the purely economic phase to the additional military phase of the stop-Russia program.

Since then there has been heated debate over whether what has been planned will or will not lead to a budgetary deficit. It may be that an actual deficit will be avoided. Yet with each new "fringe" proposal to build up the military

capacity to oppose Russia there is less prospect of an absolutely balanced budget. In any case, what is to the point of this thought is that the congressional leaders quietly and tacitly dropped the idea of guaranteeing a \$2 billion surplus. This objective was buried without ceremony or death notices.

For the future, tax liabilities are contingent, of course, upon the development, particularly in cost, of the preparedness program. It does not follow that if more money is needed, Congress simply will write off its recent income tax reductions. Before Congress looks with favor upon raising the tax liability of individuals, it will explore the revenue potentialities of a general manufacturers' excise tax.

In the final push for public housing, that program acquired, as a result of unexpected maneuvers and alliances, a strength far surpassing its inherent backing.

In the end the public housers, in the main, teamed up with all those who wanted a general housing bill. Although exempt from the lobby registration act, the Administration's top housing agency, the Housing and Home Finance Agency, was in the thick of the negotiations and maneuvers for public housing. Its staff even wrote the report of the Congressional Joint Housing Committee, recommending public housing. This was adopted, in lieu of a committee staff report.

## Would Ask Capital Refund By Banks for Cooperatives

**I**F FARMERS desire their own cooperative bank system, they should make greater efforts to cause the Banks for Cooperatives to become wholly farmer-owned," Charles T. O'Neill told the House of Representatives Committee on Agriculture at hearings on a bill proposed by the five leading farm organizations. He pointed out that after 15 years of continuous existence, the Banks for Cooperatives are still owned by the Government to the extent of 96½ percent of their capital. Mr. O'Neill is vice-president and trust officer of the National Bank and Trust Company of Charlottesville, Virginia, and chairman of the Agricultural Commission of the American Bankers Association.

Mr. O'Neill pointed out that under the bill as proposed it would take about 30 years to liquidate the government stock in the banks, stating that "if farmer-ownership of the Banks for Cooperatives is the object of this bill, it would hardly seem appropriate to adopt a plan which would prevent farmer ownership for another third of a century."

He suggested amendments to require payment of interest to the Treasury annually on the amount of outstanding Class A stock, at such rates as may be determined by the Secretary of the Treasury as appropriate. He stated that the interest payments to the Treasury should not be treated as a

return of capital and certainly should not be put in the revolving fund, but rather should go into miscellaneous receipts. He also suggested that the minimum amount of Class A stock to be retired each year should be at least equivalent to the amount of Classes B and C stock issued in a given year.

Abolition of the revolving fund authorized by the Agricultural Marketing Act and the return to the Treasury of presently earmarked funds was called for by Mr. O'Neill. "The Banks for Cooperatives (as well as other farm credit agencies) should be required to justify their future needs for government capital to the Congress," he said.

Mr. O'Neill opposed granting permission to the Banks for Cooperatives to borrow up to \$1 billion in case of emergency and stated that he believed the entire amount of \$178.5 million of government capital in the bank could be immediately repaid to the Treasury and still leave the banks with sufficient sources of funds to meet any foreseeable

increase in demands for credit. He outlined procedure for accomplishing this as follows:

"Upon repayment of the government capital, the presently outstanding capital stock of the banks owned by the Government could be cancelled and new Class A stock issued to the Government in an amount equal to its interest in the present surplus of the banks which is now approximately \$40 million. The conversion of this portion of the surplus into capital, plus the capital and surplus owned by the farmer-cooperatives, would give the banks total capital and surplus of around \$55 million. With the borrowing authority provided in Section four of the bill, the banks could borrow up to \$550 million, or 10 times their capital and surplus. This would make available to the banks total funds for the making of loans equal to twice the amount of loans that have heretofore been outstanding at any one time and should be adequate to meet any future needs for credit."

H. P. Parker, president, Capital Savings Bank & Trust Co., Montpelier, Vt., and member, A.B.A.'s Subcommittee on Agricultural Credit, with Commission Chairman O'Neill at hearings



# World Business



CHARLES PHILIPS EVANS

## The Marshall Plan Is Now the ECA

HERBERT BRATTER

### WASHINGTON

At the National Press Club a book in great demand lately has been "Who's Who in America," with its three-inch biography of Paul G. Hoffman, who was plucked from his automobile business by President Truman to launch and manage the stupendous Economic Cooperation Administration.

Mr. Hoffman is a versatile man of distinguished achievements in business. For instance, he rescued the Studebaker Corporation from receivership. He has headed the businessmen's Committee for Economic Development since its organization. He has been vice-chairman of the Commerce Department's Business Advisory Council, as well as a member of the Harriman Committee, which last year studied the limits within which the United States can "safely and wisely" extend aid to Western Europe. Mr. Hoffman is listed in the March *Federal Reserve Bulletin* as deputy chairman of the Federal Reserve Bank of Chicago.

Mr. Hoffman holds several honorary degrees, including a doctorate from Hillsdale (Mich.) College. Author of a book, "Seven Roads to Safety," written when he headed the Los Angeles Automobile Safety Foundation, Mr. Hoffman will need all his talents during the next few years as he carries the responsibility, to Congress, for disposing of as yet unpredictable billions of dollars worth of goods and services abroad. The United States counts on Mr. Hoffman's

spending the billions "safely and wisely." Abroad, millions with outstretched hands will rightly come to regard the South Bend executive as the personification of Santa Claus.

### Events Prior to ECA

Certainly one factor in America's fast-beating pulse has been during recent months the anxiety of ERP sponsors to get that program enacted. Moscow obligingly helped ERP along by its activities in Czechoslovakia, Finland and elsewhere. It is more than a year since the British, foreseeing the exhaustion of the American loan and wishing for a second helping, were informed that their only hope lay in a comprehensive program embracing all Europe. Thereafter followed the public's education on the "world shortage of dollars" and the Benjamin Cohen, Dean Acheson and



HARRIS & EWING

President Truman signs the bill which puts the Economic Cooperation Administration into business on a gigantic scale

May 1948



HARRIS & EWING

Paul Hoffman, administrator of ECA, has undertaken one of the biggest jobs this country has had to offer in peacetime

George Marshall speeches which were the ancestors of the present multi-billion-dollar Economic Cooperation Administration.

Enactment of the ERP and launching of the ECA cleared the way for consideration of military lend-lease. This seems to make sense, under the Truman Doctrine of March 1947. The permutations of American foreign policy carry a strong flavor of immaturity and bewilderment. First we were taking a strong stand to contain Communist aggression; then we offered, in Marshall's June 5 speech, lavish assistance to the whole of Europe, including the USSR; and now we have the ECA as a frank element of economic warfare.

The Kremlin, of course, has been doing everything possible to keep the world in a turmoil. It acts in the consciousness that any time it picks it can march across Europe to the sea, or into Scandinavia, Iran or North China, if it should be so foolhardy.

### China Report

Speaking of confusion on the Potomac, one instance is the report on China which the Senate Foreign Relations Committee issued on March 25 and "withdrew" in a hurry. The withdrawn report covers the condition of China and the anomalous position into which ardent "friends of the Chinese" have pressed the United States. The report both endorses the donation of \$463 million, including \$100 million which may be used for military supplies during a 12-month period, and appraises the China situation as follows:

"The unfavorable factors presently outweigh the favorable. China's economy and prospects are marred by an eight-year war with Japan, and a civil war that includes the usual Communist tactics of disruption, destruction and

sabotage. Inefficiency, corruption and bureaucratic maladies become even more devastating in a period of dislocation and inflation. Ineptitude in military leadership and corruption among army commanders has contributed largely to the lowered moral of the Chinese Government troops. . . . An important psychological factor is the lack of popular confidence in the Chinese Government."

In the China Aid Bill as approved by the Senate—a bill which Senator Harry F. Byrd of Virginia describes as the start of expenditures which will continue for years—there is a provision of \$15 million (U. S.) to cover the printing of Chinese yuan notes during 1948-49. When last heard from, the yuan was quoted at 500 million per \$1 U. S. Incidentally, General Stilwell's diary, as published in the April *Ladies' Home Journal*, relates how during the war President Roosevelt conceived as a solution for China's already marked inflation the buying-up of yuan with U. S. dollars. He thought that this would inspire the Chinese public with confidence. As a matter of fact, the gift of \$220 million of U. S. gold for open-market sale by the Chiang regime, as requested by Madame Chiang in Washington, put the above-mentioned scheme into effect. Chief beneficiaries were a few Chung King Government insiders, who speculated on the basis of advance information.

### "Development" vs. "Reconstruction"

Latin American economic relations have been a major headache for the Administration, coming to a head at the Bogota Pan American Conference. Demands of the Latin Americans for individual attention have reached a clamorous crescendo. At Bretton Woods, it will be recalled, the Latin American bloc insisted that "development" be given exactly as much attention as "reconstruction." That is why you have the word incorporated in the World Bank's formal title. But events in Europe have left Latin America's problems trailing. The Fund and Bank have been preoccupied with Western Europe; few dollars have gone southward from those institutions; and both the serious national planners and the opportunists in the Spanish- and Portuguese-speaking republics have been disappointed.

This is why the U. S. delegation to Bogota included the Secretaries of State, Commerce and Treasury, the chairman

(CONTINUED ON PAGE 112)

At the Bogota Pan American Conference, which was interrupted by Right vs Left disturbances in the Colombian capital



PRESS ASSOCIATION

BANKING



# Banking Explained in Simple Language

*Details of how the First National Bank of Canton, Ohio, tells its banking story so that a child can understand it were prepared by SAM HUFFMAN, head of Huffman and Company, Canton. BANKING'S cover picture this month is one of those used to illustrate the series of advertisements described by Mr. HUFFMAN. In addition to the sample advertisement reproduced on this page, some other pictures used in the ads will be found on page 56.*

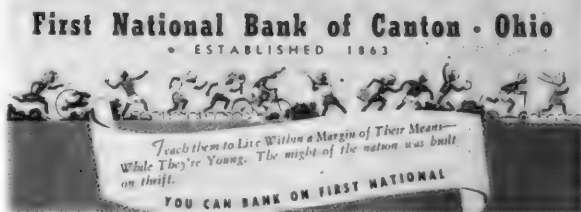
**T**HE First National Bank of Canton, Ohio, has launched a series of four column by 12½-inch ads in the local newspaper which tells the story of banking in such a simple language that a child can understand it.

A photogenic little four year old girl, daughter of a Canton mill foreman, discovered by the bank's advertising agency, is the focal point of each advertisement. Designated as "Miss Penny," she makes her way into every nook and cranny of the bank and asks leading questions of executives and employees. Each advertisement pictures Miss Penny in the act of querying someone in the bank.

The lead-off ad in the series shows her with extended palm talking to the bank policeman and asking, "Are you the man who guards my money?" The second advertisement shows her stretching toward a bank teller's window saying, "Daddy says to put this money in the bank for another rainy day." And in still another she has climbed up on the president's desk and is asking, "And who is your boss, Mr. President?"

In announcing the ad series Raymond W. Loichot, president of the bank, explained that he has for a long time felt the need of getting across to the public in simplified language the banking services that are available to the community. "I have felt," said Mr. Loichot, "that the cut and dried phrases used in bank advertising seldom arrest the reader's attention or hold his interest."

"A mere listing of our services proved inadequate and we wanted to explain in simple terms the services which we offer, without talking down to the public. We believe that the use of a little girl as the vehicle for carrying our banking story is accomplishing two things. First of all . . . Miss Penny has unusual attention-getting ability. Secondly . . .



... in such simple language that a child can understand it"

we can talk to her in the simplest language without insulting the intelligence of our customers and everybody can read our message across her shoulder without feeling that they have been talked 'down to.'

Mr. Loichot further analyzed The First National Bank's advertising program as being a two-fold one—a long-range and a short-range program. The immediate purpose of this campaign is to interest people of all ages in making wider use of the bank's facilities and to induce outsiders to become customers. The long-range program is to acquaint children with the bank and to educate children and parents in the old-fashioned virtue of thrift.

"I believe," said Mr. Loichot, "that every bank has a responsibility to the community to uphold those basic fundamentals of Americanism—those fundamental principles which have made our nation a great nation. Frugal living is an almost unheard of thing these days and people are so accustomed to spending everything as they earn it that our relief lists grow longer each day despite the greatest prosperity in history.

"We believe that our bank is rendering a valuable service



★  
President  
Loichot  
★

to the community if we do nothing more than to emphasize the value of thrift. And if we can impress people with the necessity for thrift we will be well repaid for our efforts in conducting this newspaper campaign."

Each advertisement in this series of Miss Penny ads carries a slogan, "Teach them while they're young to live within a margin of their means. The might of the nation was built on thrift."

"We anticipate several valuable by-products from this advertising campaign," said Mr. Loichot. "We believe it will accomplish something in the field of public relations and employee relations."

Miss Penny addresses each employee by name. This is of special interest to the employees and helps to acquaint the public at large with the bank's personnel.



Not even the president of the bank was spared by Miss Penny's prying. Seated on President Loichot's desk, she inquired, "And who is your boss, Mr. President?"

★

In an advertisement stressing the security offered by the First National, Miss Penny asked the guard at the entrance, "Are you the man who guards my money?"



Courteous service—Miss Penny asks a guard in the bank lobby to direct her to the tellers' window

★

In an advertisement featuring the bank's trust services, Miss Penny asks Assistant Trust Officer Glen Yohe, "What is a trust . . . Mr. Yohe?"



# The Country Banker



County Bank Operations Commission holds annual meeting in Tulsa. See caption below for individual identifications

## News for Country Bankers

Merchandising . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

### Operations Commission Charts Plans

PLANS were laid by the full membership of the Country Bank Operations Commission of the American Bankers Association at a meeting in Tulsa, Oklahoma, last month for several projects designed to assist the more than 11,000 country banks with their internal operating problems, according to Clyde D. Harris, Commission chairman. Mr. Harris is president of the First National Bank of Cape Girardeau, Missouri.

Among the activities considered and approved by the Commission were the following:

(1) A bank investment portfolio study to be made as of June 30 will take into consideration several factors in addition to government bonds, including municipals, corporates, distribution of investments, capital position, long and short term securities, etc. The completed study will be set in schedule form, showing each individual participating bank's position in relation to state and national averages.

(2) The new phase of the Commission's long-range cost program will be a booklet, which may be published annually, to advise bankers on changes

taking place in bank costs. In addition to the results of the Commission's studies, an over-all picture of bank costs and trends will be made available with the aid of national authorities and some of the banks doing an outstanding job in this field.

(3) A guide for the use of banks desirous of switching from cash to the reserve method of treating bad debts will be published by the Commission. It will contain background information pertaining to the reserve method and will outline step by step procedure to be followed in making the switch.

(4) An efficiency evaluation study is now being made to enable banks to measure the efficiency of individual bookkeepers and bookkeeping departments. It is anticipated that this study will be helpful to bank operating men in making decisions relative to increasing or decreasing bookkeeping personnel, the need for purchasing new equipment, in making promotions and salary adjustments, segregating accounts into separate ledgers on the basis of work involved, and in meeting the need for streamlining operations.

The Operations and Agricultural commissions are cooperating in the production of a farm mortgage lending guide for the use of country bankers.

Seated clockwise around the table, above, are: O. B. Larsen, Watsonville, Calif.; A. T. Fort, Lumpkin, Ga.; Alonzo Petteys, Brush, Col.; Stanley A. Neilson, Gowanda, N. Y.; Theodore Reininga, Washington, Ind.; Will A. Lane, Marshalltown, Ia.; F. R. Rantz, Jacksonville, Ill.; A. G. Brown, A.B.A. deputy manager; F. C. Forrest, Pullman, Wash.; Chairman Harris; A. B. A. Deputy Manager George R. Amy; Howard Hambleton, Waxahachie, Tex.; C. E. Williamson, Albany, Ore.; R. A. Bezoier, Rochester, Minn.; Giles H. Miller, Jr., Culpeper, Va.; Russell H. Britton, Rochester, N. H.; Daniel H. Erdman, Quakertown, Pa.; Raymond B. Linsley, Three River, Mich.; Richard W. Trefz, Beatrice, Nebr.; and Melvin C. Miller, A.B.A. deputy manager. John W. Brown, Jr., Sylacauga, Ala., is not in photograph

### Four Agricultural Schools

The Indiana, Oregon, Florida and Kansas bankers associations either recently concluded agricultural schools or clinics or are preparing for one.

The Indiana association held a two-day agricultural clinic late in March at the School of Agriculture, Purdue University, which was designed par-

(CONTINUED ON PAGE 136)



Pennsylvania Exchange Bank, Rockefeller Center, New York City. Four lamp fixtures with hinged glass door bottoms for easy servicing (L-I-N-O-L-I-T-E No. 11-48HG) are hanger mounted in eight foot couplets over the Public Space and Officers' Areas and ceiling mounted under and over the mezzanine.

## Insure Lighting Satisfaction with a FRINK *PLAN-O-LITE*

Here's how you can be *sure* your proposed lighting installation will give you the utmost in efficient performance. Before you buy a single fixture, get a Frink *PLAN-O-LITE*.

A *PLAN-O-LITE* is a lighting layout, *custom-designed* by Frink to meet your specific needs. There is no extra charge for this unique Frink

service. And it guarantees that your job is engineered for complete lighting satisfaction.

Let Frink show you how to achieve *planned* lighting efficiency at *standard-fixture* cost. Send for a sample packet of *PLAN-O-LITE* layouts and photos of the resulting installations. Just fill out the coupon and mail it today.

### CLIP THIS TO YOUR LETTERHEAD



THE FRINK CORPORATION  
27-01 Bridge Plaza North, L. I. C., N. Y.  
Without cost or obligation, send your sample  
packet of PLAN-O-LITE fluorescent layouts  
and photos to the

Attention of .....

( ) also please send catalogue of  
new Frink fluorescent fixtures.

5-8

There's a Frink L-I-N-O-L-I-T-E fixture  
correctly engineered for every commercial  
fluorescent lighting need. Seventeen  
standard designs of highest quality work-  
manship and materials, each available  
with matching incandescent down-lights  
if desired. Check coupon at left for  
your copy of the Frink catalogue today.



**THE FRINK CORPORATION**

27-01 BRIDGE PLAZA NORTH, LONG ISLAND CITY, N. Y.



# Farm Land Prices Continue Uptrend

The Committee on Farm Land Prices of the Agricultural Commission, American Bankers Association, presents on these pages its semi-annual study of land price trends.

**R**ECORD prices for grains and meats have had their effect in the farm land price situation as shown by the farm land price index which reached 170 on March 1, 1948 (1912-14 = 100), according to the Bureau of Agricultural Economics. Thus, farm land prices have advanced to the 1920 inflationary peak for the country as a whole. Some regions are well above the 1920 peak; others are still below.

See pages 60 and 61 for the farm real estate price trends by states.

Considering the increases in farm land prices during the World War II period alone, national figures show that since March 1, 1939, the advance has been 102 percent; and during 1947 it was 7 percent. See maps on page 62.

States showing the greatest increase in farm land prices during the past year are those in the wheat and beef producing areas. California, Florida and Louisiana are the only states showing a decrease over a year ago. Undoubtedly, the drop in fruit prices during the latter half of 1947 influenced this trend in Florida and California.

The index shows that during the 12 months from March 1, 1947 to March 1, 1948, farm land prices gained 11 points—the smallest over-all increase that has occurred in recent years. Voluntary sales of farms have fallen off. This indicates less interest in farm lands at present prices.

Farmers' financial position is the strongest on record. According to BAE, the financial assets of farmers have increased from \$4.9 billion in 1940 to \$22 billion in 1947. Their total debt at the beginning of 1947 amounted to only \$8.2 billion as against \$10 billion in 1940. Farm mortgage debt in 1947 of \$4.7 billion is approximately one-half the mortgage debt carried by American farmers at the end of World War I. (See Chart I.) Farms, in the main, are in strong hands—they do not need to be sold.

On the other hand, production expenses of farmers have been increasing and reached a record high of 251 percent above the 1910-14 average in January 1948, and dropped slightly in February and March. (See Chart II.) Continued high expenses augur reduced net farm incomes. *It should be remembered that when prices in general start to recede, those on farm commodities tend to drop faster than those on things the farmer buys. Then a reduced net farm income may not support a debt placed on land purchased during high prices.*

Bankers should study the recent developments in farm prices, production and expenses. They should check on the purposes for which loan funds are to be used and be sure they are for productive purposes.

**W**HAT happens in the months ahead to non-agricultural prices and wage rates will affect farm welfare. Further inflation now will drive up farm costs. The nation's defense program may continue the inflationary boom somewhat longer than would otherwise have been the case.

The continued strength and solvency of agriculture will depend largely upon the good sense of our six million farmers and upon their ability to preserve their savings and equities and to maintain their business on a sound basis. Bankers can assist in keeping agriculture financially sound.

Chart I

## FARM LAND PRICES AND MORTGAGE DEBT

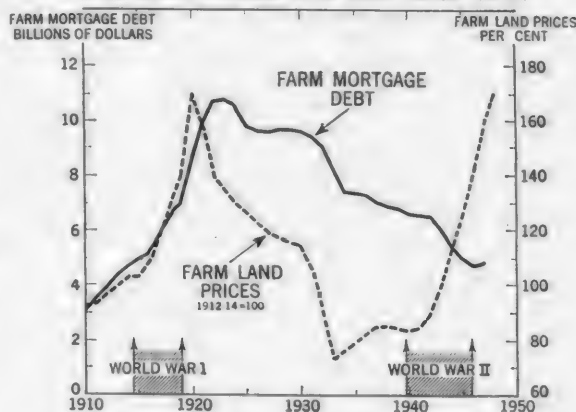
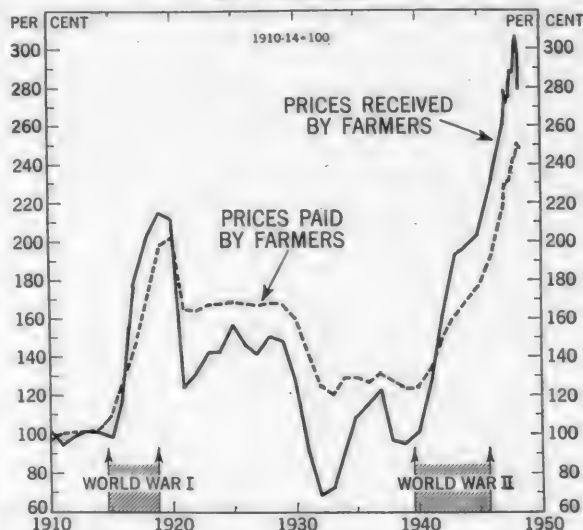


Chart II

## PRICES PAID AND PRICES RECEIVED BY FARMERS



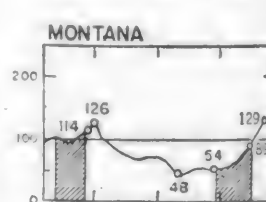
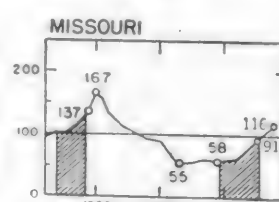
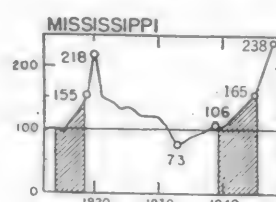
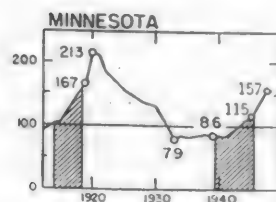
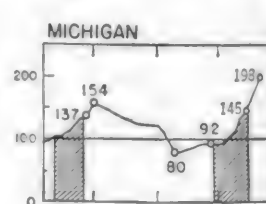
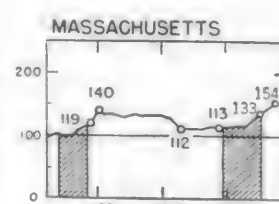
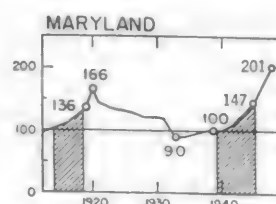
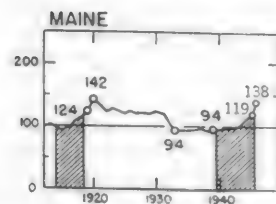
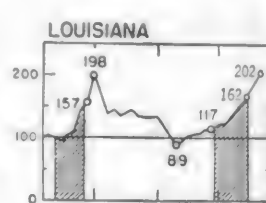
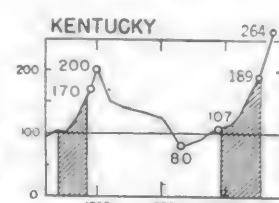
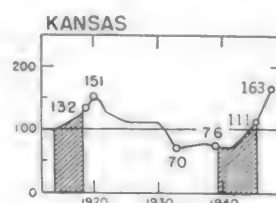
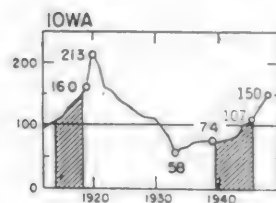
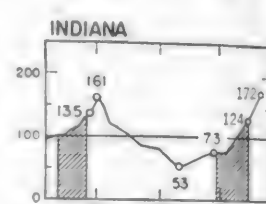
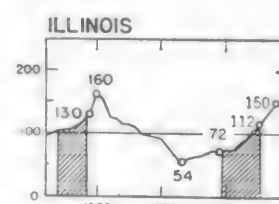
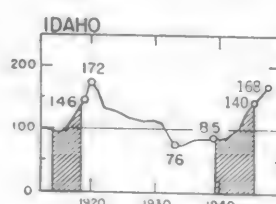
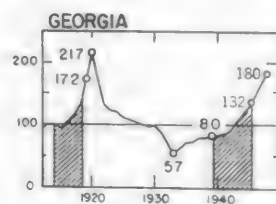
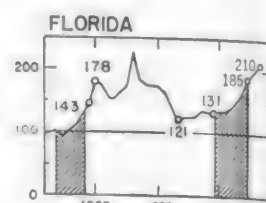
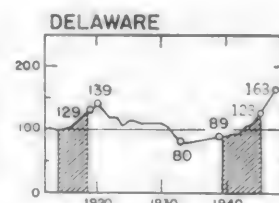
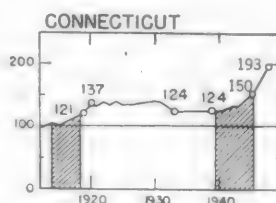
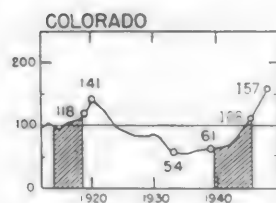
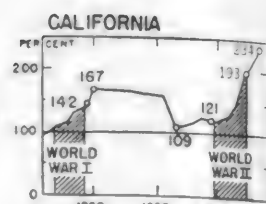
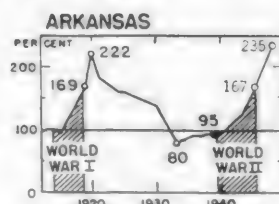
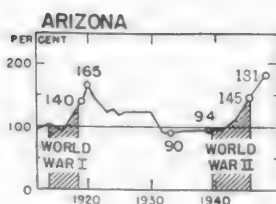
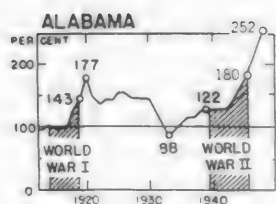
## HERE ARE SOME THINGS FOR BANKERS TO DO NOW:

- (1) Encourage farmers to build up the productivity of their land in order to increase food production.
- (2) Discourage borrowing to speculate in farm lands or in farm commodities.
- (3) Discourage all borrowing based upon high farm prices that might result in excessive indebtedness as farm income returns to more normal levels.
- (4) Urge farmers to use caution in assuming heavy indebtedness for machinery and equipment.
- (5) Keep in mind constantly that the sound value of farm land depends upon the capacity of farms to produce a profitable income over a period of years.
- (6) Encourage farmers to pay existing debts out of present high income.
- (7) Urge farmers to build up financial reserves through ownership of Treasury bonds and savings deposits.

# FARM REAL ESTATE PRICE TRENDS

Index numbers representing average prices for each state of the U.S.

1912-1914 = 100

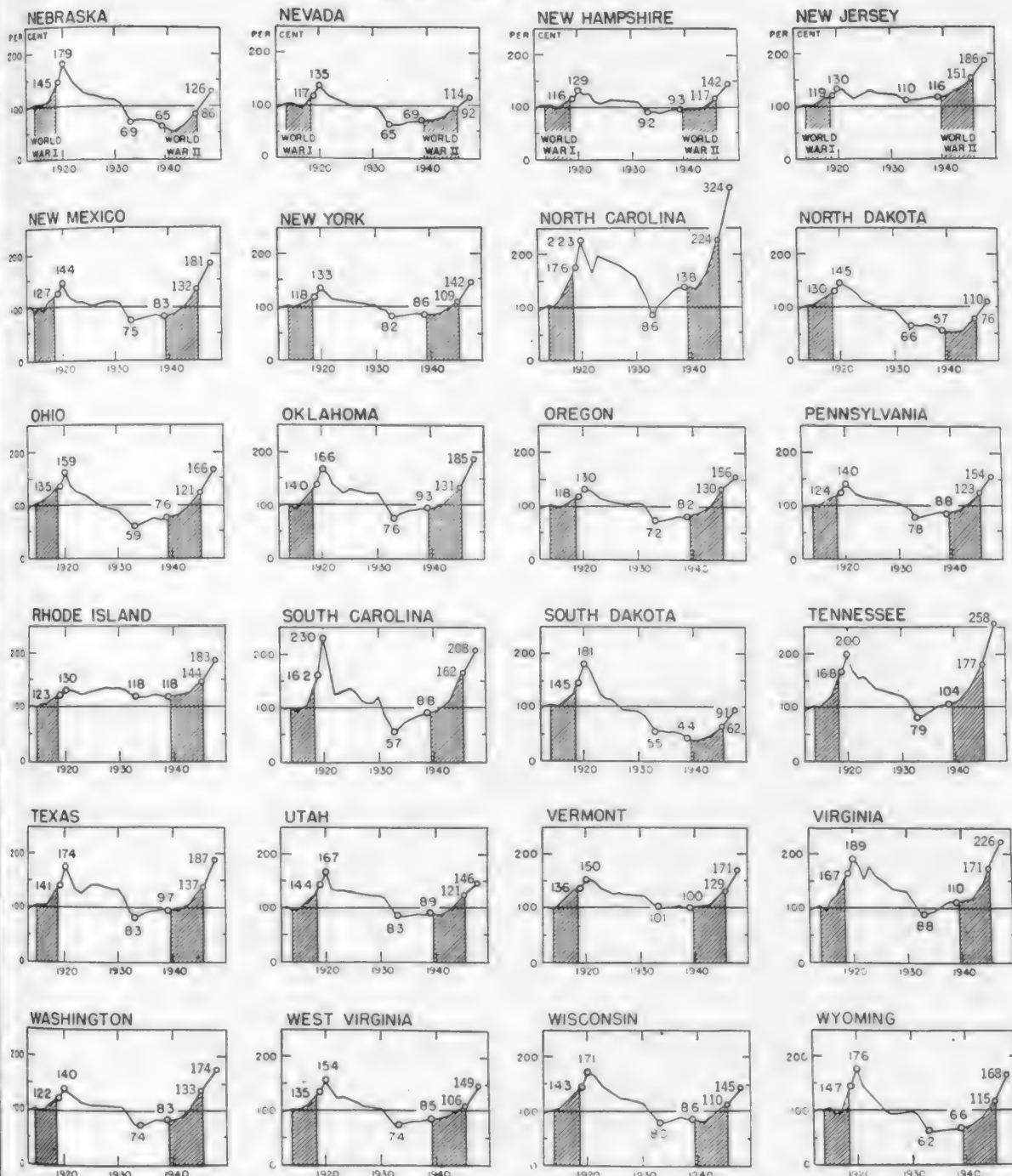


DATA ARE PLOTTED ANNUALLY AS OF MARCH WITH THE FOLLOWING DATES INDICATED AT SMALL CIRCLES ON EACH CHART: 1919, 1920, 1933, 1939, 1945 AND 1948. PREPARED BY AGRICULTURAL COMMISSION FROM DATA OF BUREAU OF AGRICULTURAL ECONOMICS.

# FARM REAL ESTATE PRICE TRENDS

Index numbers representing average prices for each state of the U.S.

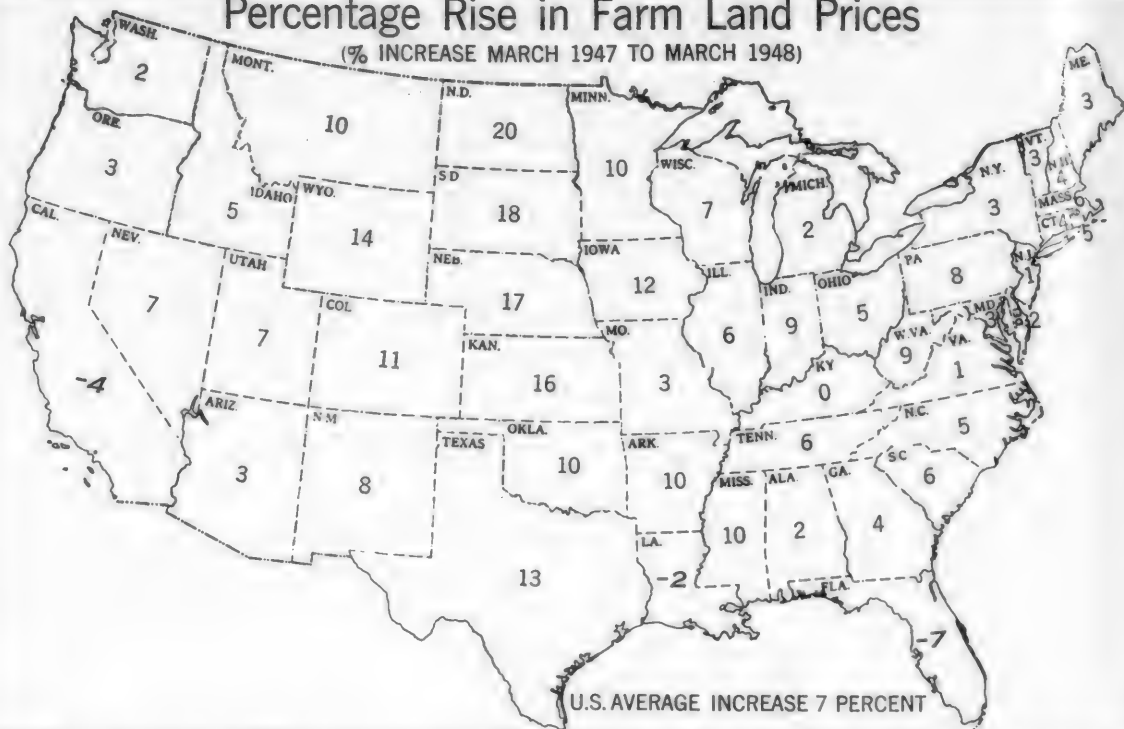
1912-1914 = 100



DATA ARE PLOTTED ANNUALLY AS OF MARCH WITH THE FOLLOWING DATES INDICATED AT SMALL CIRCLES ON EACH CHART: 1919, 1920, 1923, 1933, 1939, 1945 AND 1948. PREPARED BY AGRICULTURAL COMMISSION FROM DATA OF BUREAU OF AGRICULTURAL ECONOMICS.

## Percentage Rise in Farm Land Prices

(% INCREASE MARCH 1947 TO MARCH 1948)

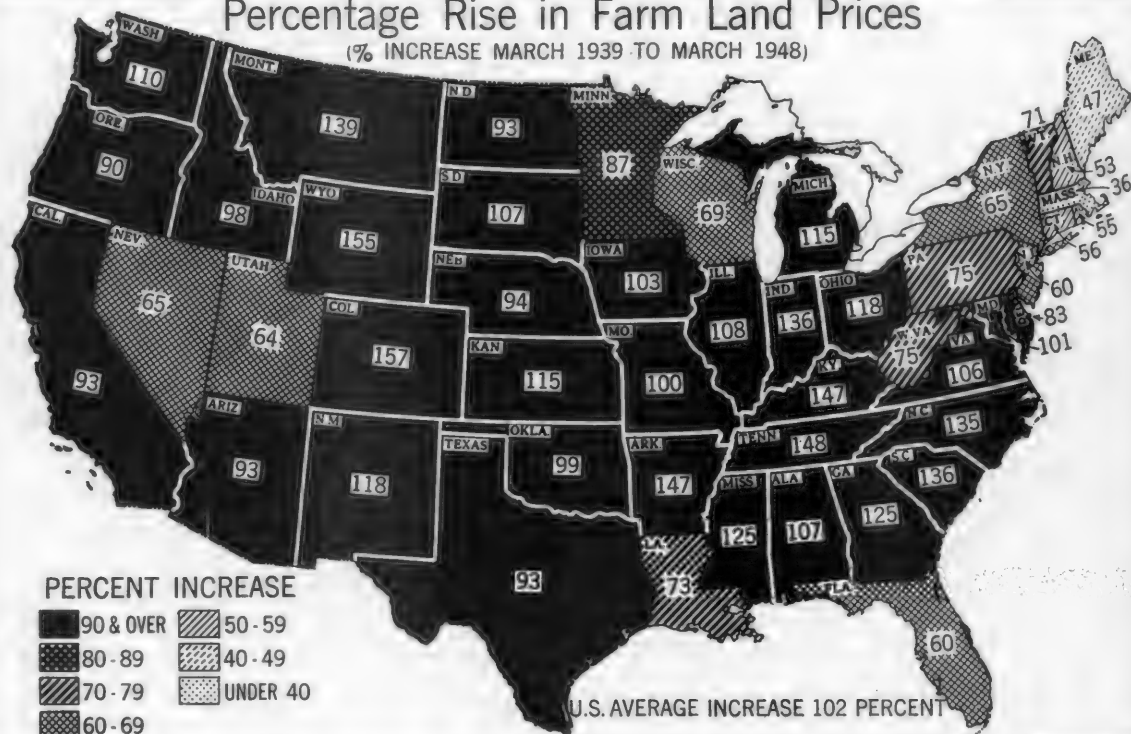


Farm land prices for the United States increased 7 percent from March 1947 to March 1948. Individual state percentage increases (or decreases) ranged from -7 in Florida to 20 in North Dakota. These percentages are shown above

Farm land prices for the United States increased 102 percent from March 1939 to March 1948. Individual state percentage increases ranged from 36 in Massachusetts to 157 in Colorado. These increases are shown below

## Percentage Rise in Farm Land Prices

(% INCREASE MARCH 1939 TO MARCH 1948)







## Put Your Money on High Producers



Feed goes further, grinding goes fast with a Case Hammer Mill. Designed for extra capacity with the power of farm tractors, these mills make every man-hour count. The Hi-Suction fan keeps the screen clear, makes way for more material, saves power, grinds cooler, more uniformly. Each hammer tip has eight edges for eight-fold life. Wide range of screen sizes provides proper grinding for every kind of grain, also forage, for all classes of livestock.

● When you have a bird that lays an egg every  $1\frac{1}{2}$  days, yearly average, she is pretty sure to be earning money for you. If she takes more than two days per egg, you are likely losing money to keep her for a pet.

Yet, time means nothing to a hen. What really counts is the number of eggs per hour of work—not just the time in tending the flock, but every hour taken to grow feed, build the poultry house, and provide everything that goes into it. That's the thing to watch—*yield per man*.

Whether it's feed for fowls or food for people, modern farm machines multiply the amount of farming a man can do in a day. Case machines are built to do better work, take little time out for adjustment and lubrication, keep going with less liability of delay. Their **ENDURANCE** sustains their chattel value, holds down annual cost for upkeep, adds years of use from the investment. We believe the financing of farm machinery sales is business that belongs to local banks. J. I. Case Co., Racine, Wis.

# CASE..



....

# Youth Work Support Is Key to Success

MARY B. LEACH

**B**ANKS that help mould character, that encourage the development of sound agricultural procedures, and that teach the basic fundamentals of money and banking by supporting youth activities are building on a solid foundation. Success for the youngsters when aided by banks inevitably enriches communities and leads to success for the banks providing the aid. This conclusion is drawn from a "youth work" study made by the Agricultural Commission of the American Bankers Association.

**T**HE Citizens Bank of Nashville, Georgia, is a thriving example of how a bank prospered by giving wholehearted support to youth activities. This bank's resources are now more than seven and a half times greater than when it was founded in 1943.

Almost its first act after opening for business was to call in the county agricultural agent and tell him that it was ready to finance sound 4-H Club projects and that it would rely on his judgment when it came to credit risks. Every boy and girl who has applied for a loan to finance a 4-H project got it, without a single loss to the bank.

Carol Sirmans, now 16 years old, was one of the Citizens' first customers. He originally obtained a loan to buy a beef calf. The next year he bought two calves, and the third year three calves. In 1946 he also borrowed enough money to start a poultry project and by 1947 he was confining his activities exclusively to poultry. During the Winter, from 300-odd layers, he averaged a net income of between \$65 and \$70 a week.

**L**ouis Bruton and "Fatso," a purebred Hereford steer, make one of several success stories stemming from the enlightened self-interest of The First State Bank of Morrilton, Arkansas, in financing 12 4-H Club members. Each club member bought a registered calf, which was scientifically fed, exhibited at the local county fair, and sold at auction. The boys were all successful, each of them receiving a \$50 prize from the agricultural committee of the chamber of commerce, and their animals sold at \$960 each. Their profits ranged from \$250 to \$500, which, in every case, was

reinvested in another registered steer, which steers are now being fed.

**W**HEN Louis Bruton, an 11-year old sixth grader, met "Fatso" they made a compact that together they would become state champions. Thomas L. Brown, assistant county agricultural agent in charge of 4-H Club work, Louis, his father Jim Bruton and "Fatso" all worked toward that end. "Fatso" responded admirably and when he and Louis arrived at the county fair last September he weighed 1,150 pounds, which represented a daily average gain of 2.77 pounds for the entire feeding time.

With his calf, Louis won all county honors for baby beeves in the junior division. The pair then went to Little Rock, where they carried away all prizes in the baby beef class of the Livestock Show, "Fatso" becoming grand champion of all breeds.

R. H. Dickenhorst, president of The First State Bank, says that "nothing has improved banker-farmer relations more than these activities. The bank has won many new customers, quite a number of whom have backgrounds similar to these 4-H boys."

**F**UTURE Farmers of America leaders have, for a number of years, found a staunch supporter in the First National Bank of Magnolia, Arkansas. In addition to cooperating with other groups in sending youth leaders to state and national meetings, the First National sponsors dairy heifer, dairy bull and pig projects. It also assumes full responsibility for an entire FFA chapter achievement.

"The community has received unlimited benefits," says President W. C. Blewster. "With bank assistance and encouragement FFA youths were enabled to grow purebred livestock and this stimulated better breeding and production of higher grade animals over the entire community."

"Not only has the bank bettered itself by improving the financial status of its patrons, but has greatly increased goodwill, cooperation, and patronage of both the urban and rural population."

(CONTINUED ON PAGE 96)

First National President Blewster, FFA member Sherrill Ellison, and Walter F. Watts, vocational agriculture instructor. "Pride Owl Pansey," registered Jersey, in foreground.

The road that led to blue ribbons for Louis Bruton and "Fatso" was paved by The First State Bank of Morrilton, Arkansas, when it granted Louis a 4-H loan.



# Better Steaks In the Inland Empire

O. A. FITZGERALD

*The author is university editor at the University of Idaho, Moscow.*

SWINGING his hickory cane over a fat steer class at the Spokane Junior Livestock Show, W. L. Carlyle, the dean of all livestock judges, summed up in exactly 30 words the livestock revolution in the Inland Empire—in northern Idaho and eastern Washington. Spokane is its trade center. He said:

"Twenty-five years ago you could have traveled over the whole Pacific Northwest and wouldn't have found nearly as many high-quality animals as there are in this show today. I am sure the Spokane Junior Show and all it represents has inspired and directed this wonderful livestock improvement."

In 57 years in the show ring Mr. Carlyle has pinned more ribbons, in more shows, than any other living man. He has known western livestock intimately since 1910, when he was dean of agriculture at the University of Idaho. In 1919 he founded and for 23 years managed the world famous Prince of Wales Shorthorn herd in Alberta, Canada.

What Dean Carlyle said certainly differs from what Frank Funkhouser, dynamic Spokane attorney and recognized "Godfather" of the Spokane show, heard one evening in 1935. Still deeply interested in youth, this ex-school teacher had invited a few Spokane businessmen and stockmen to his apartment. First he fed them and then he filled them with arguments on why Spokane should take the lead in inspiring Inland Empire youths to better things in livestock, a start that would mean more and better livestock on Inland Empire farms, more and better beef in its markets.

"Frank, you are just wasting your time," one stockman told him. "The people of the Inland Empire will not buy choice beefsteaks." But Mr. Funkhouser thought otherwise. So did the Spokane bankers he called on to help get the show going.

Twelve shows and some 10,000 choice animals later, the evidence proves the ex-school teacher with youth as a hobby was dead right. There is livestock on more Inland Empire farms than when the show started. People throughout the

Inland Empire know, demand, and get good meat—52 weeks every year. Youth projects have grown into production enterprises which constitute the foundation of a new and permanent livestock industry.

Right now about 1,000 boys and girls have one eye on the calendar and the other on the 2,000 animals they are feeding for the 1948 show, May 11 to 14. This year's show will be about 10 times bigger than the first. The small group Mr. Funkhouser had in for dinner has grown into a big committee of 40, representing all phases of business in Spokane and the Inland Empire.

You will not get any of the Spokane bankers to talk about their part in the show. They will talk plenty about the show itself, how it has aided the 4-H and FFA educational program, how it has aided soil conservation by putting livestock on farms where there never were any before, and what the show has meant to their territory. About themselves? Absolutely no. But Mr. Funkhouser knows what they have done. Here are his comments:

"When we first organized, A. E. Reid, executive vice-president of the Old National Bank of Spokane, came to our rescue full of excellent ideas on how we could raise money to support the show. This energetic, up-to-the-minute banker made it possible to meet all bills when due.

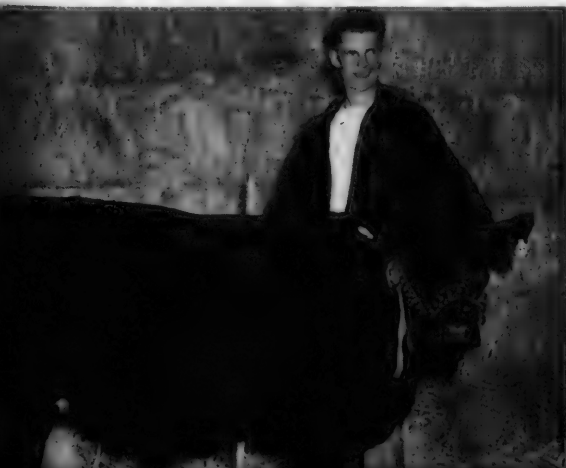
"He was succeeded as treasurer by E. K. Barnes, executive vice-president of the First National Bank. Mr. Barnes has been for 20 years manager of the Spokane Clearing House Association. Through his untiring efforts and faith in what the show was doing for the boys and girls of the Inland Empire he was able to secure substantial donations from that association.

"The last two years young, capable, dynamic Richard A. Stejer, cashier of the Washington Trust Company, has been our treasurer. His hobby is livestock and few bankers are better informed on this subject. With his enthusiasm, energy and determination we are sure that our finances for the future are on a solid foundation.

"S. A. Kimbrough, vice-president, Seattle-First National  
(CONTINUED ON PAGE 111)

Delbert Moore, Endicott FFA boy, with his grand champion steer "on the hoof" at the 1947 junior livestock show

W. C. Johnson, of Armour's, shows Richard Allen and Robert Emtman how to apply "Junior Show Beef" roller brand



# Consumer Credit Digest



CHARLES PHELPS CUSHING

## Costs vs. Rates

KENNETH R. WELLS

*The author is an assistant vice-president of the American National Bank and Trust Company, Chicago, and a member of the Consumer Credit Committee of the American Bankers Association.*

**O**VER-ALL operating costs of banks have been steadily increasing for several years and this has been particularly true with respect to consumer credit operations. By its very nature consumer instalment credit necessitates a large clerical force in relation to the actual dollars employed in comparison with other methods of investing a bank's funds, such as the purchase of bonds or the making of commercial loans. When we realize that rates in the commercial loan field have risen and that bond yields are greater, it would be natural to expect that consumer credit rates would have increased.

### Nearly Constant

It is surprising then to find that rates for consumer credit have remained nearly constant in most areas for many years and such increases as have taken place have been somewhat isolated. What are the forces which have worked to prevent rate increases in the field of consumer credit? In order that we may answer this question it is necessary that we first review some of the facts with respect to banks and their methods of operating in the field of consumer instalment credit. Several points should be kept in mind:

(1) Banks for the most part entered this field during the period from 1934 to 1941.

(2) Banks did this either to provide an outlet for surplus funds or as part of an over-all policy of service to their communities, or a combination of these two factors.

(3) Banks usually did not analyze costs beforehand in order to establish their rate schedules but instead adopted for the most part rates already in use by other institutions and if any change was made it was usually to reduce these rates rather than to increase them.

(4) In the period from 1940 to 1946 deposit totals in-

creased tremendously and banks had available such a vast increase in funds for investment that they were able to make substantial profits each year in spite of rising costs of operations.

### Banks More Cost Conscious

Today we find that the situation is different. Banks have attained a dominant position in the field of consumer credit, total deposits are relatively stable, commercial loans have increased and most banks are not looking for new investment outlets. Banks are becoming more and more cost conscious and those banks which are in the field of consumer credit should quickly make an investigation of their rate structure applicable to this type of loan activity. There is such a wide discrepancy between rates quoted by banks for consumer credit in different areas and occasionally among banks in the same geographical area, it is obvious that some of these rates are either too high or too low. In view of the fact that so many of the costs in the field of consumer credit vary directly with the number of transactions and that volume in itself does not materially reduce all of these costs, it is important for a bank to know whether or not it is making money in consumer credit.

If your bank is one of those which operates on a low rate compared with other banks in the field it may be that your rate structure is out of line. It should be remembered that many banks established a low rate when they entered this field under the mistaken impression that a low rate in itself would automatically produce a volume of business and once their rate was established they hesitated to change it.

### Sufficient Income Per Deal

At this point the writer believes it worth while to point  
(CONTINUED ON PAGE 68)



# TO ALL BANKS EVERYWHERE

...we offer our conception of correspondent banking. To this service  
we bring two commodities—knowledge and facilities.

Our facilities are those of a modern bank,  
fully and effectively staffed,  
including a large Foreign Department.

Our knowledge is that gained over the course of  
145 years in the service of business and of other banks  
in all parts of the world.

We should like to serve as correspondent for  
your bank in the Philadelphia area.

May we give you details?



**THE PHILADELPHIA NATIONAL BANK**

Organized 1803 **PHILADELPHIA 1, PA.**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 66)

out that a theoretical yield from a particular rate does not of itself produce profits in the field of consumer instalment credit. Profits arise through having sufficient income in *dollars* from the average transaction to pay for acquisition and servicing costs, provide a reserve for credit losses, return a reasonable amount of the net funds employed and leave a margin for profit. It is the *dollar* income per transaction which in the final analysis controls profits and this dollar income per deal varies directly with the size of the transaction and directly with the maturity of the transaction. For example, if the rate is \$5 per \$100 per year, a \$500 transaction for two years produces the same income as a transaction of \$1,000 repayable in 12 payments. In the field of automobile financing, average balances have about doubled compared with prewar and terms are about the same, so that banks have in effect doubled their dollar income. On appliance transactions, prices have increased but terms have tended to be somewhat shorter than prewar and down-payments larger so that the dollar income per deal has not changed substantially. On personal loans and FHA Title I loans, the average amount of the loans has increased but maturities have remained nearly constant so that the increase in dollar income per deal has about offset the rising cost of handling these transactions.

### Are ALL Phases Profitable?

What does all of this mean? It means that a number of forces are at work which have tended to offset each other to a certain extent so that banks have not felt the full effect of rising costs as they occurred, but now that bank income has become more stabilized, while costs continue to rise, it is obvious that more attention will be paid to possible sources of increased income and methods of reducing expenses.

The fact that the over-all operation of a particular consumer credit department is profitable should not blind the management to the making of an analysis to determine if all phases of the operation are profitable or, as is so com-

mon, some parts of the operation are unusually profitable and are supporting the unprofitable business. It was not too many years ago that the idea of making service charges on commercial checking accounts was considered to be very unorthodox in banking circles. The opponents of the idea believed that so long as the bank in its entirety was making money they should not analyze their individual accounts and assess an increased charge to those having a disproportionate amount of activity. Today service charges are an accepted part of commercial banking procedure and the banks have learned that the public is willing to pay a reasonable price for a legitimate service. Those of us in the field of consumer instalment credit should be careful that we do not repeat the same mistake and assume that because our entire operation is profitable we need not analyze the operation more carefully to determine if some lines of business we handle are unprofitable. It behooves every banker to analyze the cost of his consumer credit department to determine if he is receiving an adequate return for the services rendered. If he does not do this there will come a time when he will be forced to discontinue some services and this may have to be done at a time when the need for these services is the greatest.

### Make Your Study Now

It is not the writer's contention that rates should necessarily be raised. In fact, in many areas rates are sufficiently high today to justify continued operation but unless you know your costs and know whether you are operating profitably or not, you do not know whether you are going to be able to continue to render a consumer credit service to your community if bank income should decline. When your total income is reduced, management will be looking for ways to reduce expenses and experience teaches us that unprofitable departments are the ones eliminated. Make your cost study now and make sure that your rate structure is established on a sound operating basis so that in the long run you can continue to render a consumer credit service to your community.

---

## Here's an Idea . . .

*No man has greater courage than the man who boasts that he is self-made.*

The very rich have dyspepsia and gout. If they could eat with these high prices they wouldn't be so rich.

*News Headline—"Coin Demand Drops; U. S. Mint Puzzled." Doesn't the U. S. Mint know it takes folding money, not coins, to buy anything at these high prices?*

Sign in a Kentucky restaurant: "If you can't smell it, we ain't got it."

*The War Assets Administration announces it is offering 375,000 pairs of surplus dice. Fighting a war certainly has its hazards for the ordinary soldier.*

It is getting so a good barber can earn as much per word as an author.

*If a person has no education, he just has to use his brains.*

What any country needs most is not so much a working majority but a majority working.

*No man is worth less to a business than the one who always agrees with the boss.*

With two and a half million youngsters in college, education may be passing from a luxury to a necessity. Then nobody will want it.

*There are times when we think that the plural of whim is women.*

*Trying to solve a problem by verbal argument is like trying to clear up a traffic jam by honking your horn.*

Experience is not only a dear teacher, but, by the time you get through going to her school, life is over.

*You can judge a man pretty well by whether he would ask for a light burden or a strong back if he were given a choice.*

An opinion is a minimum of facts combined with prejudice and emotion.

*Is there danger that the oil of the Middle East will become turmoil?*

A man's life speaks much louder than his lips.



## **"INVESTMENTS PROTECTED"** by Better Air Conditioning

**Y**our financial interest in hotels, stores, restaurants and office buildings calls for a careful consideration of Better Air Conditioning.

Survey after survey has indicated the income-building advantages of air conditioning systems that adequately cool, dehumidify, circulate, filter, and ventilate the air for all types of business.

You can get such a system when you insist on General Electric equipment... installed to General Electric standards.

In your own bank, too, General Electric Better Air Conditioning can mean more comfort to clients and depositors... greater efficiency from employees... easier cleaning.

We suggest you discuss the profit building possibilities of air conditioning with an expert in the field—your local General Electric dealer or contractor. *General Electric Company, Air Conditioning Department, Section A8355, Bloomfield, New Jersey.*

**GENERAL  ELECTRIC**  
*Better Air Conditioning*

# Consumer Credit News Exchange

## Inconsistencies in Automobile Financing

**T**HE inconsistencies in handling direct and indirect financing of automobiles are becoming more pronounced as the number of automobiles being financed increases," writes Frank W. Sutton, Jr., president of the First National Bank of Toms River, New Jersey. "Almost without exception the dealers are very reluctant to give up any of the financing profits they are now making from indirect financing."

Nearly every bank handling both types of financing quotes a price for direct financing substantially lower than the financing costs would be were the purchaser to arrange for financing through the dealer, according to Mr. Sutton. He believes there is no solution to the problem as long as the laws do not prevent dealer participation. "During the many discussions I have had with bankers doing a large consumer credit business, I have found the majority are handling a much larger automobile financing business direct with the dealer than they are direct with the purchaser," says Mr. Sutton.

"In our own institution we have specialized in financing direct with the purchaser and go so far as to circularize every registered automobile owner throughout our county and perhaps have neglected the opportunity of increasing our indirect volume through the dealer because of the inconsistencies that exist. It is very embarrassing to the bank to explain to an automobile owner why we will accept financing through a dealer where it costs the purchaser so much more to finance his automobile than it would if he were to finance it through the bank direct."

## Instalment Selling — a High School Study

**A** COMPREHENSIVE educational program designed to counter widespread misconceptions concerning instalment selling is now an integral part of social study classes in New York high schools, Nathan S. Sachs, vice-president of Sachs Quality Stores (New York), disclosed recently. Mr. Sachs said the program was prepared by furniture and other merchants in cooperation with the Retail Credit Institute of America and the Board of Education.

"The students will be taught the true facts of instalment selling instead of the false ideas with which so large a part of the American public has been fed up to now," said Mr. Sachs. "These students are our customers of tomorrow. There must be more of this type of education and thinking if the furniture industry is to survive in the difficult competitive market that lies just ahead of us."


## Like Life Insurance

**C**ONSUMER credit is in many respects more like insurance than like commercial banking," according to Joseph A. Turner, assistant vice-president, The Kanawha Valley Bank, Charleston, West Virginia, writing in a recent issue of the bulletin of the Robert Morris Associates. "When an insurance company writes a policy on a man's life, they check the danger points and leave the rest to the law of averages. Consumer credit must be handled in much the same way. The insurance company knows that a certain small percentage of its policy holders are going to die of heart trouble and other diseases and a certain percentage are going to be killed in accidents. The consumer credit officer knows that some borrowers are going to lose their jobs. Some are going to be swamped by unavoidable debts and some are just going to "go bad," probably for moral reasons. The percentage of these contingencies, except in periods of severe economic depression, is going to be very small. If he is careful to check the danger points, the law of averages is very much in his favor."

## Merchandising

**W**HILE we think very highly of radio advertising, we don't use it very much for (consumer credit) because it is too far reaching," says THE PEOPLES SAVINGS BANK, Cedar Rapids, Iowa. "We have found that it is well to advertise both in the classified and display departments of the local newspaper. We restrict ourselves to our local trade territory but find that we receive a lot of inquiry from outside the territory which, of course, we cannot handle." . . . "The majority of our business has been secured from our own depositors and has worked out very successfully," declared THE REAL ESTATE TRUST COMPANY of Philadelphia. "We occasionally send out letters to our depositors offering the services of our department and we also have imprinted on all statements for regular and special checking accounts phrases reminding the depositors of this service." . . .

One of a series of 4" x 6" advertisements prepared by the Advertising Department of the American Bankers Association for use by member banks. The advertisement, which follows the banks' anti-inflation program, can be enlarged or adapted to fit the needs of the particular bank



**IF YOU CAN'T POSTPONE  
YOUR CAR PURCHASE...**

... finance it with a low-cost bank auto loan which we can arrange here.

Business and professional people especially, who help increase the supply of needed goods and services, are invited to finance essential cars through us.

(NAME OF BANK)





## The new TODD Model 70 -

the only checkwriter  
to give you complete,  
**LOCKED** control of your funds!

No need now to worry about unauthorized use of your checkwriters! The *new* Todd Model 70 Protectograph gives you insured, *locked* protection against fraud. It's the *only* checkwriter that keeps your bank funds safe under lock and *your* key!

Consider these other *exclusive* features of the new Model 70: Amount lines are indelibly shredded into your checks with forged brass type *guaranteed* for the entire life of your Todd Protectograph . . . vari-colored *ribbon* inking assures sharp, clear imprints—without messy reservoirs or pads that cake up. AND you are *insured* against alteration losses, forgery of signature and forgery of endorsement—think what this means in *added* safety.

Find out more about this new Todd checkwriter, the only one to give you complete *locked* control of your bank funds. Just clip the coupon below and mail it *now*. We'll give you full information, without cost or obligation to you, of course.



ROCHESTER SALES OFFICES IN  
NEW YORK PRINCIPAL CITIES  
DISTRIBUTORS THROUGHOUT THE WORLD

### THE TODD COMPANY, Inc., Rochester 3, New York

Please give me complete information about the *new* Todd Model 70 Protectograph, the only checkwriter that provides *locked* control over bank funds.

Bank \_\_\_\_\_

Address \_\_\_\_\_

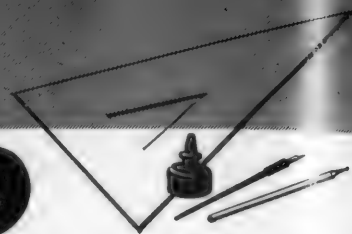
City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

By \_\_\_\_\_

B-5-48



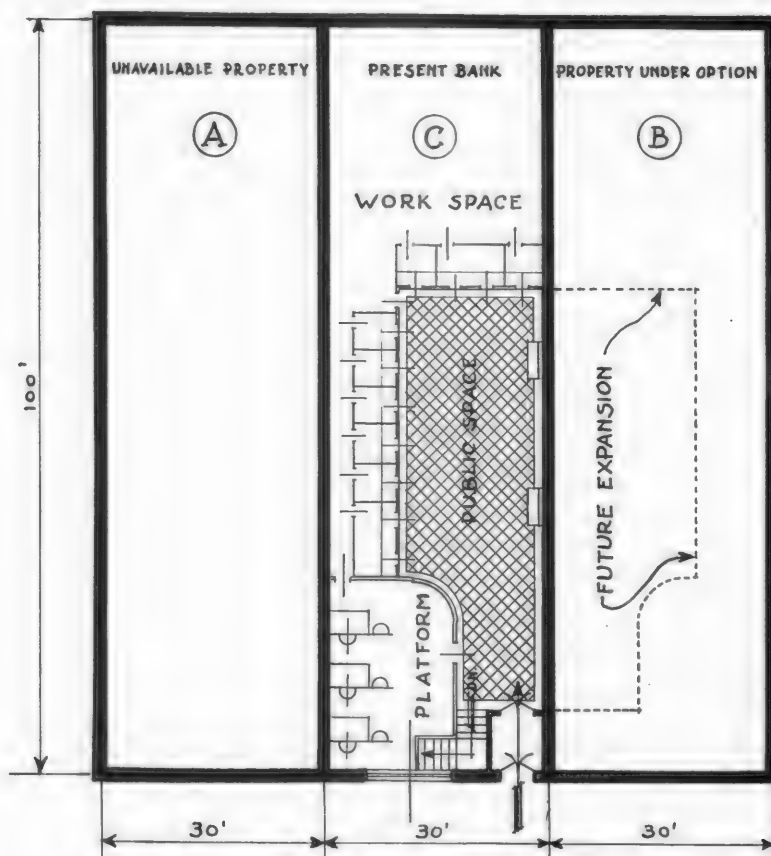
# BUILDING for the Future



## More Customers Need More Banking Space

AARON G. ALEXANDER

*The author, who has had many years' experience in designing banks, examines a few fundamental facts in laying out a plan for the main banking room floor. Further aspects will be discussed by Architect ALEXANDER in an early issue.*



**PLAN # I**

SHOWING SUGGESTED NEW LAYOUT IN PRESENT  
BANK AND POSSIBLE FUTURE EXPANSION.  
*A.G. Alexander Arch't.*

WITH the present-day increasing flow of customers, many banks find their public facilities not adequate to meet their needs. Owing to government restrictions on building materials during the war and the excessive postwar cost of construction, banks have found it difficult to make economical alteration, but in the not-too-distant future it appears as though necessary materials may be available and labor will deliver a day's labor for a day's pay.

When this leveling-off period arrives, the contractor will be able to figure a job so the banker can balance his cost with his books. There should be a favorable period for bank alterations, and the following comment may help the banker and his architect to arrive at a solution that will not result in just a face-lifting job.

In the following cases, we are considering only the public facilities, assuming that the working departments are on upper floors, the safe deposit department, personal loan, etc., in the basement.

WITH these thoughts in mind, let's look at the first hypothetical case, as shown on Plan No. 1 (opposite). Here the banker now located in "C" finds his present bank floor inadequate and is therefore faced with an alteration that will increase his public space and banking facilities.

His expansion can be approached in two ways: (1) Should he improve the layout of his present quarters, or (2) should he expand into the adjoining premises?

In Plan No. 1 we are assuming Property "C" to be his present bank where  
(CONTINUED ON PAGE 74)

# *How we can help our correspondents profit from foreign business*

Remittances to foreign lands, letters of credit—used by both buyers and sellers to finance business—as well as other foreign transactions may be profitable to your bank if properly developed and handled. We shall be pleased to discuss this matter to show you how such business may benefit every one concerned.

Banks are cordially invited to make use of all of our facilities.

FOREIGN DEPARTMENT

## *Harris Trust and Savings Bank*

Organized as N. W. Harris & Co. 1882 • Incorporated 1907

115 West Monroe Street, Chicago 90

*Member Federal Deposit Insurance Corporation*

(CONTINUED FROM PAGE 72)

he had an inadequate layout. He had a small public space together with a department, such as personal loan or interest, which he found could be readily located in the basement along with safe deposit. With the extra floor area gained by shifting this department, he can make a layout somewhat along the lines as shown on "C," and for the present it may meet his immediate needs.

But the wise banker will realize that with such a layout as "C," he will attract additional new business and that it will be only a matter of time when he will need more space. He therefore looks to the possibility of future additional space in the adjoining properties, either to his right or left.

We are assuming in Plan No. 1 that he finds he can obtain an option on the property to the right and therefore alters his present layout accordingly.

By ascertaining this fact *before* altering his present premises along the lines of "C," you will note he can now carry out Plan "C" so as to fit economically into the future property "B". Note that "C" enables him almost to double his facilities in the future as indicated by dotted lines in "B".

It is readily seen that such future alteration into "B" can be carried on with the least expense and inconvenience to his staff and clients. He can complete the entire future alteration in "B" while carrying on in "C" and there will be no inconvenience to his customers, since the wall between "C" and "B" can be torn out over a week-end.

Of course, should Property "A" be the available future space the plan in "C" would be reversed.

By the same token, consider what would happen if he hadn't looked to the future, had completed "C" and then found, at a later date, that "A" was the only space available.

Now let's take the case of a bank having a preferred location and unable to obtain property on either side. For argument's sake, let's assume the present bank property is at least 50 feet wide; I don't think it would be economical to reconstruct a narrower space according to Plan No. 2 (on this page).

Being a preferred location in the financial district, and of a long established address, the projected plan can stand the additional expense of occupying temporary quarters while obtaining

the result shown in Plan No. 2. The present bank has outgrown its area of some 5,000 square feet and needs more banking room floor area and cages. It will have to find temporary quarters to carry this plan out, but note that the bank can lay out a two-floor banking room on this 50-foot preferred location, thereby doubling the present banking room area.

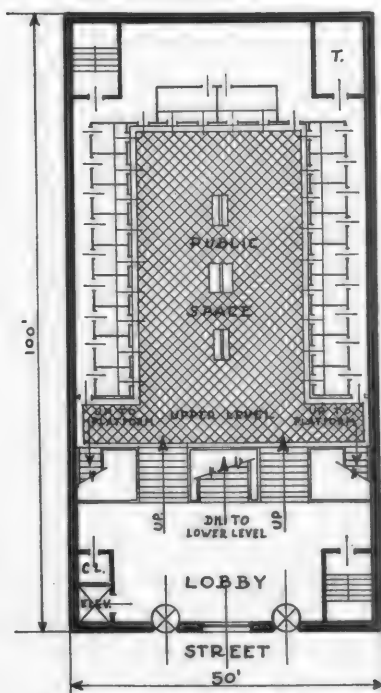
On the section of Plan No. 2, you will note there are upper and lower banking room floors located only one-half flight up or down from the street level, which is no hardship to the customers. The fact that the stairs are open, giving a complete view of the upper banking room and a portion of the lower room as one enters, lends to a feeling of spaciousness.

Also the banker can install his officers' platform on a third level over the street entrance lobby, and only customers visiting the officer will have to walk a full story height; but as their travel is broken by the upper level, it is not objectionable and only a small percentage of the clientele will do this. Also this platform, located one-half flight above the upper banking floor, enables the officers to supervise the entire activity on this floor.

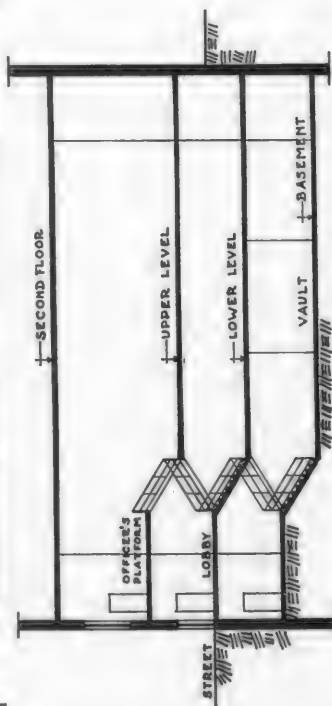
This plan, therefore, enables the banker to have on his 50-foot lot the equivalent of a bank on a 100-foot lot. He loses only the space taken up by the half flight of stairs.

Generally Plan No. 2 is adaptable only to a commercial bank or trust company, as it is very difficult to divide the services of a savings bank between two floors. A commercial bank can arrange the loan and discount, security and preferred checking accounts departments on the upper level and close to the top officers. The special checking, interest, personal credit and smaller accounts can be located on the lower level, and, of course, a small platform with assistant officers is recommended for this lower level.

If a safe deposit department is to be considered, it can be located in the basement at a story and a half level below the sidewalk. This is not prohibitive in cost, as a part of the basement will have to be built to accommodate such services as boiler room, record storage, stationery room, toilets, etc., and the safe deposit vault and department can be built in the front part of this basement and reached by the clients by an elevator direct from the street lobby. This elevator can also serve the officers' platform and upper floors.



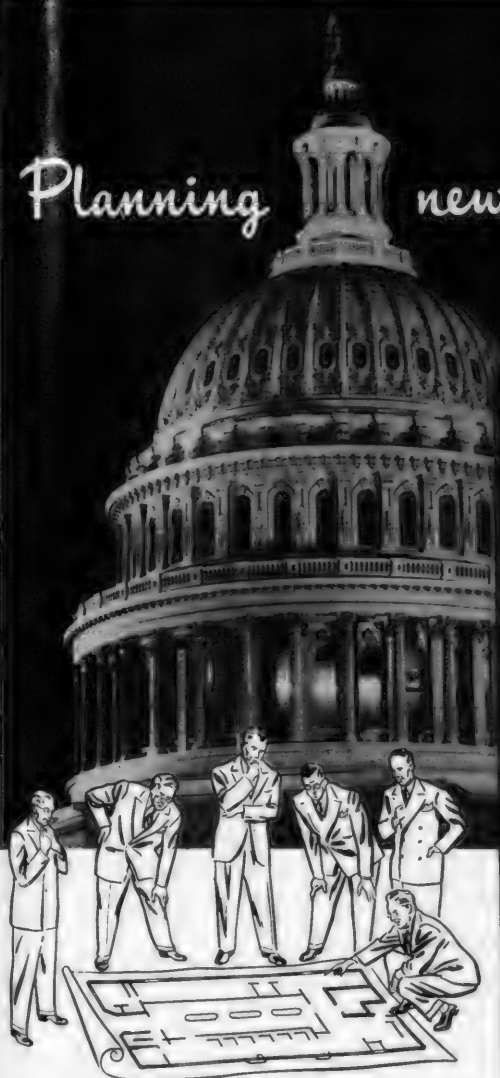
PLAN #2  
SHOWING A TWO-LEVEL BANKING LAYOUT  
A.G. Alexander Arch't.



SECTION #2



Planning new quarters for —



## Planning **FOR THE FUTURE**

Our bank Analysts survey your particular bank's needs before a designer's pencil ever touches paper. These surveys are then studied by our Plan Board of bank building experts. This thorough approach to planning considers every phase of your operation. It gives you a bank prepared not only to handle present business but also future possible expansion in various departments.

# 4 BANKS IN THE NATION'S CAPITAL!

We are currently working on four new quarters projects for banks in Washington, D. C. To us, this means more than the mere dollars and cents involved in contracts. More important is the fact that it indicates the recognition accorded our firm by bankers in the nation's capital.

This same recognition of ability... by bankers all over the country... has helped us attain unchallenged leadership in the bank building field. For example, in St. Louis, when eight banks were considering new postwar projects... we were selected by all eight. The same kind of acceptance was shown our organization in Cincinnati, Pittsburgh, Ft. Lauderdale. *In the State of Illinois, alone, 53 banks have appointed us to design their new quarters.* Banker acceptance like this enables us to maintain a staff of unusually qualified men whose sole job is the planning, designing, equipping and construction of superior banking quarters. We are at your service!

**WRITE TODAY**—If your bank is contemplating new quarters, get facts on this organization of specialists in bank planning, designing, equipping, construction!

America's most experienced bank designers...

# Bank Building and Equipment Corporation

OF AMERICA

4TH AND SIDNEY STREETS • ST. LOUIS 3, MISSOURI, U. S. A.

# Bankers View the HOUSING PROSPECTS

(Conclusion)

## ... in St. Louis — lenders insist on better money rates

**B**UILDING construction and sales activity in the metropolitan St. Louis area have entered a new phase, according to William H. Jaffke, assistant vice-president of the Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri.

Mr. Jaffke, a past president of the Mortgage Bankers Association of St. Louis, pointed out that construction of houses currently priced at \$10,000 or less is either rapidly nearing its peak or actually reached its peak last year. In 1947, more than 7,000 residential units in all price ranges were started in the metropolitan area. Even though demand is not fully satisfied, prevailing high construction costs and the tightening of the money market will tend to slow down construction of all types to some extent.

There also seems to be a leveling-off of commercial building in the area. About 30 percent of the people who discuss plans for commercial building today completely abandon the idea because of high costs. Existing property is being purchased by industry when available for immediate occupancy.

Values of older houses in exceedingly old neighborhoods where the environment is poor have declined. However, if the neighborhood remains desirable, 15- to 20-year old houses are still in demand at the present market prices.

Prospects for new building in 1948 are favorable unless there is an additional tightening up in the money market. In some instances, residences completed for sale to veterans have not moved as rapidly as they should because the veteran has a harder time obtaining a GI loan since the RFC has eliminated the secondary market in these loans. In addition, most lenders are requiring equity payments on GI home purchases.

There seems to be no danger of an actual shortage of home-building credit in the St. Louis metropolitan area, Mr.

Jaffke explained, but lenders are insisting on a better rate of interest. They are eliminating the payment of premiums on GI loans and are curtailing payment of premiums on FHA Title II loans. Many lenders have already acquired a fairly large portfolio of GI loans and are not especially eager to increase their holdings.

Most lenders are not recognizing current costs as a basis for their appraisals. While some of the cost increase must be recognized in order to make any loans, it would be dangerous business to recognize market prices and the current cost of construction as a basis to figure the appraisal.

To fight the cost headache, many subdivision builders are using on-the-site assembly-line construction. However, the prefab house—that is, the one which can be disassembled and re-assembled—has not been as popular around St. Louis as expected.

Construction of single-family dwellings in St. Louis far exceeded the volume of rental construction during 1947. No large multiple-dwelling project was put up in the area last year, probably, according to Mr. Jaffke, because the rental collectable during the average life of the building would not be commensurate with today's high construction costs.

## ... in San Francisco — no immediate danger of credit shortages

**A**SAN FRANCISCO banker believes there is no immediate danger of credit shortages for home building in California. E. A. Mattison, vice-president of the Bank of America in charge of loan services, said: "The mortgage lending field here is sufficiently diversified among banks, life insurance companies and loan companies to assure a home loan to any qualified borrower."

He pointed out that the low prescribed interest rate of 4 percent might not attract sufficient capital to the mortgage field in the future in competition with higher rates elsewhere, and

Last month **BANKING** presented views of bankers on building in Houston, Denver, Spokane and Minneapolis. In this issue, bankers in San Francisco, Baltimore and St. Louis have the floor.

added: "It would help if the legal ceiling on GI loan rates could be raised."

Building in California will be adversely affected by the winter drought, he believes, but he forecasts that both home and commercial construction will continue through 1948 at about the 1947 level.

"Due to the continuing shift of population to California, we have not yet reached the building peak in this state," Mr. Mattison said.

"However, the volume of GI borrowing with our bank is on the decline. It appears that the need for a secondary market for GI mortgages has been pretty well established. I believe it is essential.

"We do not arbitrarily require a down payment for a GI loan. However, we have been so successful in persuading our veteran borrowers that shortened maturity with its accompanying saving in interest benefits them, that 62 percent of our GI loans carry a down payment."

Mr. Mattison said that although prices of all real estate in this area were high at present, he did not believe inflation had reached the point where mortgages on new homes were unsound. He said credit was no longer available on just any basis, but could be obtained without difficulty where a borrower is employed and can show that he is a good credit risk.

The value of older property, he believes, has not yet shown a marked decline. Asked if in his opinion prospective home builders were waiting for lower prices, he said: "That's the \$64 question. I suppose some are. But the contractors I know are building to capacity, or as fast as they can obtain materials."

Builders report an acute shortage in this area of many essentials, notably plumbing supplies, pipe, nails, and other metals. Lumber, they say, is both green and inferior to prewar standards. Construction is often held up because of scarcities.

Mr. Mattison says building of single family homes has far outstripped rental

(CONTINUED ON PAGE 134)



# An Outstanding Year in Metropolitan's History

"1947 was one of the best years in the history of the Metropolitan Life Insurance Company.

"The Company's financial position was excellent. More Metropolitan policyholders than ever before enjoyed the blessings of life insurance. Through investments, the Company played a bigger role than in any preceding year in helping to keep the wheels of industry turning . . . to provide jobs and homes . . . and to maintain high standards of living.

"However, the year was not without its problems. Insurance costs were higher because of lower interest rates, and because of the prevalent increase in the cost of goods and services."

President Leroy A. Lincoln reported these facts in his account of the Company's 1947

activities in a motion picture entitled "Pages From An Open Book." Here are some other important facts about 1947 presented by Mr. Lincoln:

—Payments to policyholders and beneficiaries totalled \$671,000,000—topping all records.

—More than 2,300,000 people bought Metropolitan policies during the year. The total of Metropolitan policyholders reached 32,384,000.

—At the year-end, policyholders owned a total of \$37,250,000,000 of Metropolitan protection—the greatest amount in the Company's history.

—Metropolitan will pay in 1948 somewhat more in dividends to policyholders than in 1947, although there will be downward adjustments for certain classes of business.

Mr. Lincoln also reported that last year a committee representing all State Insurance Departments completed, as required by law, a periodic examination of Metropolitan. In their conclusions, the examiners reported:

"The examination of the Metropolitan Life Insurance Company indicates that it is in a sound financial condition."

"Policy claims are paid promptly, and fair and equitable treatment has been accorded the policyholders."

Metropolitan's Annual Report for 1947, which is entitled "Pages From An Open Book," contains much additional information about the Company's operations. If you would like to have this booklet, fill in and mail the coupon below. A copy will be sent to you without charge.

## OBLIGATIONS AND ASSETS — DECEMBER 31, 1947

(In accordance with the Annual Statement filed with the New York State Insurance Department)

### OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

#### Policy Reserves Required by Law

This amount, together with future premiums and reserve interest, is required to assure payment of all future policy benefits.

#### Reserved for Future Payment Under Supplementary Contracts

Policy proceeds from death claims, matured endowments, and other payments which beneficiaries and policyholders have left with the Company to be paid out to them in future years.

#### Policyholders' Dividends Left on Deposit

Reserved for Dividends to Policyholders

Set aside for payment in 1948 to those policyholders eligible to receive them.

#### Policy Claims Currently Outstanding

Claims in process of settlement, and estimated claims that have occurred but have not yet been reported to the Company.

#### Other Policy Obligations

Including premiums received in advance, etc.

#### Taxes Accrued

Including estimated amount of taxes payable in 1948 on the business of 1947.

#### Contingency Reserve for Mortgage Loans

#### All Other Obligations

#### TOTAL OBLIGATIONS

### ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

#### National Government Securities

U. S. Government

Canadian Government

#### Other Bonds

Provincial and Municipal

Railroad

Public Utility

Industrial and Miscellaneous

#### Stocks

All but \$1,565,382.00 are Preferred or Guaranteed.

#### First Mortgage Loans on Real Estate

Farms

Other Property

#### Loans on Policies

Made to policyholders on the security of their policies.

#### Real Estate (After decrease by adjustment of \$25,000,000 in the aggregate)

Housing projects and other real estate

acquired for investment

Properties for Company use

Acquired in satisfaction of mortgage indebtedness (of which \$19,098,579.96 is under contract of sale)

#### Cash and Bank Deposits

#### Premiums, Deferred and in Course of Collection

#### Accrued Interest, Rents, etc.

#### TOTAL ASSETS TO MEET OBLIGATIONS

Thus, Assets exceed Obligations by . . . \$499,557,356.51  
This safety fund is made up of:  
Special Surplus Funds . . . \$ 72,281,000.00  
Unassigned Funds (Surplus) . . . \$427,276,356.51

This fund, representing about 6 per cent of the obligations, serves as a cushion against possible unfavorable experience and gives extra assurance that all policy benefits will be paid in full as they fall due.

**NOTE:**—Assets carried at \$412,328,264.37 in the above statement are deposited with various public officials under requirements of law or regulatory authority. In the Annual Statement filed with the Massachusetts Insurance Department, Policy Reserves Required by Law are \$7,333,661,993.00, and All Other Obligations are \$29,265,908.42.

**Metropolitan Life  
Insurance Company**

(A MUTUAL COMPANY)

1 MADISON AVENUE, NEW YORK 10, N. Y.



**METROPOLITAN LIFE INSURANCE CO.**  
1 Madison Avenue, New York 10, N. Y.

Gentlemen:

Please send me a copy of your Annual Report to Policyholders entitled, "Pages From An Open Book."

NAME

STREET

CITY

STATE



## RESTRICTION ON FEDERAL RESERVE MEMBERSHIP UPHELD

**T**HE Supreme Court in a 5 to 2 decision (the Chief Justice and Justice Douglas not participating) has reversed a Circuit Court of Appeals decision which had held that the Federal Reserve System could not require as a condition precedent to membership that a bank agree not to allow its stock to be acquired by a holding company.

It may be remembered that the circuit court had held that Congress did not intend to authorize the Federal Reserve Board to arrest the extension of bank holding companies and that the use of restrictive conditions of membership as a device to check the growth of such companies was beyond the Board's lawful powers; that court accordingly granted a judgment in effect declaring the condition invalid (see Legal Page for October 1947).

Justice Frankfurter, however, speaking for the majority of the Supreme Court, held that the bank's grievance was too remote, insubstantial and speculative in nature to require court intervention. He laid particular stress on the fact that the Federal Reserve Board had not endeavored to invoke the condition that would allow it to require the plaintiff bank to withdraw from membership in the System, that the Board had expressly disclaimed any intent to go beyond its lawful powers, that the bank's claims of injury were supported only by affidavits, and that the controversy involved governmental rather than private action.

Whereas the circuit court seemed to feel that the mere imposition of the condition was objectionable, Justice Frankfurter's opinion stated that the bank could "protect itself from the loss of its independence through adoption of by-laws forbidding any further sale or pledge of its shares to Transamerica or its affiliates."

The minority felt that the condition did constitute a present threat to the bank, but like the majority, and unlike

the lower court, seemed primarily concerned with the question of the existence or nonexistence of a "present threat," rather than with the power of the Federal Reserve Board to require acceptance of the condition in the first place. *Peoples Bank v. Eccles*, 68 S.Ct. 641. *P.D.*, Banks and Banking, §1:5.

## BANK PENSION PAYMENT NOT "INSURANCE"

Whether or not a payment made from a pension fund to the widow of a deceased retired employee is exempt from estate taxation as "insurance" has been discussed by the federal district court for the eastern district of Missouri.

The court had to consider the effect of a payment made by the retirement system of the Federal Reserve banks upon the death of a retired Reserve Bank employee. Upon retirement, the employee had some \$30,000 to his credit in the system and, of several optional retirement plans, elected one which provided that he should receive \$250 per month for the rest of his life and that upon his death any part of the credit then remaining should be paid to

his widow, if living, otherwise to his estate.

Upon his death a balance remained and was paid to his widow. The tax return for his estate set up the payment as insurance exempt from taxation under §811(g) of the Internal Revenue Code. The Commissioner of Internal Revenue ruled that the payment was not insurance and should have been included in the gross estate. Accordingly he made a deficiency assessment against the estate. The administrator paid it and then brought suit for its recovery with interest.

In reaching a decision, Judge Hulen pointed out that the Supreme Court has held that Congress, in granting the exemption in §811(g), had used "insurance" in the "commonly accepted sense": that when payable to specific beneficiaries, it is designed to shift the risk of premature death of the insured, from the beneficiaries who are dependent upon him for support, to the insurer.

It was then held that the retirement system took no risk, based upon death, to pay a beneficiary a particular sum. The contract between system and employee became fixed when the latter retired and elected one of the optional retirement plans. Thereupon, without regard to mortality table or physical examination, the system became obligated to pay him a certain sum of money regardless of how long he lived. His death cast no burden upon the system that was not already there. The death payment was required only if a balance should be left to his credit in the fund upon his death.

It was accordingly held that the retirement system had not undertaken to insure the deceased's life and that the sole effect of his death was to determine the time when and the person to whom the remainder, if any, of the sum due from the system was to be paid. Recovery was denied. *Knight v. Finnegan*, 74 F.Supp. 900.

References to *P. D.* are to sections of *Paton's Digest* which contain general discussions of principles involved in the reported cases.

"I know you're new, but in view of the fact that I'm the president of this bank, don't you think we could waive the formality of identification?"





# BONUS for the BOSS

## From Employees and Customers

Unique, years-ahead features of beautifully styled Gemco "Packaged" Air Conditioners keep air so Cool, Clean, and Comfortable that Employees and Customers return the modest cost in more and better work...and patronage!



# Gemco

AIR-CONDITIONING

GENERAL ENGINEERING & MANUFACTURING CO.

4417 Oleatha Ave. - St. Louis 16, Mo.

Precision Manufacturers for 31 Years

**LESS WEIGHT**—Easy installation. Strong aluminum alloy 2-stage compressor helps save 450 pounds.

**LESS WATER**—Saves up to 50%. Gemco can be installed where water is warm, scarce, or expensive.

**LESS NOISE**—No knocking or pounding. Gemco compresses refrigerant not once, but twice, in two easy stages.

**LESS UPKEEP**—Motor cooled with refrigerant (a Gemco exclusive) lasts longer.

**MORE PROFIT**—No hot weather slumps. Gemco gives work-and-sales-stimulating climate when it's sweltering out-of-doors.

**NO VIBRATION!**—Try this 5¢ Test: Balance a nickel on edge of a Gemco compressor. Start and stop the motor. The coin stands...no vibration to run up service costs and wear out machinery. Visit your Gemco dealer. Make the 5¢ Vibration Test yourself. Then get a free estimate on Gemco Air Conditioning for your plant, shop or offices. Don't wait! *This is the installing season!*

**NOW GET THE INSIDE STORY**

Free folder reveals many revolutionary Gemco features.

Also FREE: "The Earth Can Heat and Cool Your Home"

Advance folder on Miracula, which heats and cools your home without fuel or flame.



Gemco's Perfect Summer Climate

## DRAWS BANKING BUSINESS

Keeps employees at peak efficiency... They're friendlier, and so are patrons!

Gemco Air Conditioning is a sound investment in "public relations" that no financial institution can afford to put off. Gemco is a prestige builder, a business getter... and a protection against "heat-groggy" employees mistakes!

FILL IN MAIL COUPON NOW

To, Gemco, 4417-F Oleatha Ave.  
St. Louis 16, Mo.

Please send, free

- ☐ Gemco Air Conditioner folder
- ☐ Miracula Heat Pump folder

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

Firm Name \_\_\_\_\_



# BIOGRAPHY OF AN IDEA

The 20th Anniversary story  
of an idea which has revolutionized record-keeping procedures  
in banking, retailing, manufacturing, and many other fields



**THE IDEA WAS BORN IN THE 20's.** Early in the 20's a banker, George L. McCarthy—seeking to bring new protection and speed to the recording of check transactions—came up with the unique idea of using photography.

He knew that nothing matched photography for complete and accurate reproduction at great speed... knew it to be basically a simple process.

But to translate his idea into an effective business machine, the banker had to turn inventor. In co-operation with Eastman Kodak Company—foremost producer in the photographic field—he developed the first automatic microfilming equipment... the Recordak Microfilmer.

With it, a clerk having no knowledge of photography could record checks and other documents on film as fast as he could feed them into the machine. Focus, timing, lighting were fixed, automatic... and the items were photographed at a fraction of their actual size.

**FIRST SUCCESSFUL IN BANKING.** In 1928, the first Recordak Microfilmer made its bow in a bank. It proved a tremendous success. As the basis for the Recordak Transit System, it enabled the bank to make a photographically accurate and complete record of checks

passing through its hands... brought new efficiency, new economy to transit operations. Other great system triumphs were to come...

In 1931, the unique Recordak Single Posting System was installed in the nation's largest bank bookkeeping department. It brought about great economies—in time, stationery, and machines—by eliminating duplication. (Only *one* record to post... only *one* posting a day... with the Recordak Single Posting System.) It also brought new protection to bank, depositor, employee... by providing a photographic record of every transaction.

So important were Recordak's contributions, that it soon became the acknowledged leader in photographic banking systems. Today 900 of the 1000 largest banks in the country use Recordak microfilming—as do thousands of the smaller ones.

**THEN SUCCESSFUL IN RETAILING.** Taking their cue from banks, retail stores were quick to see the advantages of Recordak microfilming. By adopting the Recordak Salescheck Billing System, their accounts receivable departments were able to eliminate time-consuming, costly description... send out the original sales checks with their bills... yet retain a photographic record for accounting and adjustments.

Because this reduced operating costs materially and improved customer relations, Recordak Salescheck Billing became the basic system with leading department stores all over the country.

**HOW SUCCESSFUL IN FIELD AFTER FIELD.** Today, the idea pioneered by George L. McCarthy 20 years ago has come into its own in many fields besides banking and retailing. For example:

Railroads are using Recordak microfilming to turn the recording of waybills at junction points into a speedy photographic operation.

Four hundred leading newspaper publishers are putting perishable newsprint back issues on Recordak microfilm for protection against the toll of time and the wear-and-tear of daily reference in city rooms, and for distribution to public libraries.

Engineering firms are putting acres of blueprints on small rolls of film that can be carried in a brief case and shown to construction and repair points.

Libraries are using it to preserve rare literary treasures... to make them available to scholars in photographically exact reproductions... to offer readers complete files of newspapers taking only 2% of the space bound volumes require.

The U. S. Government is using it to give Census, Social Security, and millions of other records maximum protection in minimum space. In the war, Recordak provided the Government with the equipment used in the V-Mail System familiar to every American with relatives overseas. It also provided a major part of the equipment enabling the military, and industry, to safeguard vital records... to "condense" plans, maps, and drawings for speedy transmission to far-off places.

Hospitals are using it to make case history records readily available for reference and, at the same time, to save needed space.

Business and industry are using it to provide branch offices and plants with duplicate records, parts and inventory lists... to condense inactive files so that bulky original documents may be destroyed.

**A CONTINUING SUCCESS STORY.** *Far as it has gone in its first 20 years, Recordak microfilming has a future limited only by the ingenuity with which it is applied. For as long as business history is written, there will be a need to record it as only photography can: with accuracy and completeness... at great reduction, high speed, and low cost.*

*That is the Recordak idea.*

## RECORDAK CORPORATION

(Subsidiary of Eastman Kodak Company) • 350 Madison Avenue, New York 17, N. Y.

ATLANTA • BOSTON • CHICAGO • CINCINNATI • CLEVELAND • DALLAS • DENVER  
DETROIT • HOUSTON • KANSAS CITY, MO. • LOS ANGELES • NEW ORLEANS • NEW YORK • PHILADELPHIA  
PITTSBURGH • PORTLAND, ORE. • ROCHESTER, N. Y. • ST. LOUIS • SAN FRANCISCO • WASHINGTON



# RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to banking systems

"Recordak" is a trade-mark

## Bank Lobby Poll

As part of the Army Day observance in Meadville, Pennsylvania, the city's three banks conducted public opinion polls in their lobbies on questions relating to preparedness. During the preceding week ballots were made available to customers who were asked to give Yes or No answers to seven queries.

Crawford County Trust Company and Merchants National Bank and Trust Company put the ballots on their counters where customers could pick them up. At the First National Bank the blanks were handed out by the tellers. Final tabulation of the 409 ballots cast showed this result:

"Do you think the present military force is adequate for national defense?": Yes 65; No 338; no opinion 6.

"Do you think the Russian danger is serious enough for us to start the draft again?": Yes 303; No 83; no opinion 23.

"Are you in favor of the President's proposals for Universal Military Training?": Yes 328; No 64; no opinion 17.

"Do you believe that the U. S. should set definite limits to Russian expansion?"



**NO MAN IS SO COMPLETE A CRACKPOT THAT HE CAN'T OBTAIN SOME FOLLOWERS**

sion?": Yes 342; No 41; no opinion 26.

"Do you think we should oppose communist plans in Europe with military force?": Yes 261; No 90; no opinion 58.

"Do you feel things are serious enough in Europe for Congress to pass

## What's Your Favorite Brand?

(CONTINUED FROM PAGE 35)

search divisions of the agency. At this time we do not know how important the panel may be. Time will take care of that.

"Some small companies that can't afford an agency but would like to test their products should be very much interested.

"Possibly some of the results will help them grow to the size where they become eligible for agency work."

Marine Midland is satisfied that its panel offers, as Mr. Heath says, "a very reasonable way to dig up facts for the account boys, either for new business purposes or for existing business."

Meanwhile, the customers are applauding—loudly.

a Universal Military Training law?": Yes 336; No 51; no opinion 22.

"Are you a veteran?": Yes 177; No 209; didn't state 23.

Thirty-three occupations were represented in the poll. The result was broadcast at the local Army Day banquet.

FOR YOUR CALIFORNIA CORRESPONDENT, THINK OF CROCKER FIRST



11-8  
1210

A SYMBOL  
OF SOUND  
BANKING FOR  
SEVENTY-SEVEN  
YEARS.

EASTERN REPRESENTATIVE  
20 Pine Street • New York

## Collecting Commodity Drafts—

requires careful attention by experienced personnel to insure prompt delivery of goods and final payment.

We specialize in this type of efficient service.

To guarantee careful attention and prompt service on collection of your Western Commodity drafts send them to

**CROCKER FIRST NATIONAL BANK**  
OF SAN FRANCISCO

1 MONTGOMERY STREET  
SAN FRANCISCO

FRANKLIN AT THIRTEENTH STREET  
OAKLAND

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





# The First National Bank of Chicago

Statement of Condition April 12, 1948

## ASSETS

Cash and Due from Banks, . . . . .	.\$ 490,994,367.05
United States Obligations—Direct and fully Guaranteed, Unpledged, . . . . .	\$553,849,805.16
Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order, . . . . .	96,792,000.00
To Secure Trust Deposits, . . . . .	67,106,514.26
Under Trust Act of Illinois, . . . . .	524,480.00
Other Bonds and Securities, . . . . .	718,272,799.42
Loans and Discounts, . . . . .	108,541,976.73
Real Estate (Bank Building), . . . . .	751,191,652.29
Federal Reserve Bank Stock, . . . . .	2,732,921.34
Customers' Liability Account of Acceptances, . . . . .	3,750,000.00
Interest Earned, not Collected, . . . . .	2,037,639.77
Other Assets, . . . . .	5,017,081.09
	540,833.57
	<u>\$2,083,079,271.26</u>

## LIABILITIES

Capital Stock, . . . . .	.\$ 60,000,000.00
Surplus, . . . . .	65,000,000.00
Other Undivided Profits, . . . . .	8,478,236.02
Discount Collected, but not Earned, . . . . .	1,298,245.27
Dividends Declared, but Unpaid, . . . . .	1,200,000.00
Reserve for Taxes, etc., . . . . .	9,252,250.81
Liability Account of Acceptances, . . . . .	2,699,620.11
Time Deposits, . . . . .	\$ 381,894,745.74
Demand Deposits, . . . . .	1,446,480,386.72
Deposits of Public Funds, . . . . .	106,775,760.82
Liabilities other than those above stated, . . . . .	1,935,150,893.28
	25.77
	<u>\$2,083,079,271.26</u>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



# Other Organizations

## Kansas Youth Program

**B**ECAUSE the future customers of Kansas banks are now young people who know little about these institutions, the bank personnel commission of the Kansas Bankers Association is sponsoring a program of "youth contacts," which will begin this year and be carried on through the bank personnel section of the KBA. This section of the association includes almost all of the approximately 4,000 persons working in banks of the state except the top managing officers, and they, too, are included if they are relatively young. The bank personnel commission is headed by Russell G. Vickers, cashier of the First National Bank, Neodesha.

One of the first steps in the program was distribution of a manual, "Banking on Youth," at nine group bank personnel section conferences. The manual was prepared by a subcommittee on youth contacts, members of which are: C. C. McIlree (chairman), First State Bank, Kiowa; M. L. Breidenthal, Jr., Security National Bank, Kansas City; and Park J. Shepp, Peoples National Bank, Burlington.

Objective of the plan is "to boost banking as a whole," through a "program of talks before school and farm youth groups, of bank visitations by teachers and students and farm youth organizations, of pamphlets, essays and contests, and certain other procedures."

The manual lists the specific groups of young people who should be reached, suggests topics for talks to groups of different ages, tells how to plan and conduct tours and gives suggestions for

essay contests and other appropriate activities.

## FR Economic Forums

The Federal Reserve Bank of Kansas City began a series of 18 economic forums for Oklahoma bankers late in March. According to *The Oklahoma Banker*, this was the first time that such a series of meetings had been held. As the forum speakers moved from one clearinghouse area to another, the emphasis in their talks changed to suit local economic interests. In addition, at each of the meetings a banker representing the Oklahoma Bankers Association discussed present day loan policies and the anti-inflation program of the American Bankers Association.

Plans for these forums were worked out by H. G. Leedy, president of the Federal Reserve Bank of Kansas City, D. W. Woolley, vice-president, T. Bruce Robb, the bank's director of research, and R. L. Mathes, vice-president and manager of the Oklahoma City branch of the Federal Reserve Bank, in collaboration with officers of the Oklahoma Bankers Association. Speakers at the forums included, from the Reserve Bank, Dr. Robb, Roy R. Green, agricultural economist, and Clarence W. Tow, financial economist. Bankers who spoke at the meetings were: A. E. Bradshaw, president, National Bank of Tulsa; T. E. Burch, president, Security State Bank, We-woka; Dial Currin, vice-president, Federal National Bank, Shawnee; D. W. Hogan, president, City National Bank and Trust Company, Oklahoma City;

J. R. Meek, president, Security Bank, Ponca City; George M. Reeves, president, First National Bank, Vinita; W. L. Stephenson, president, Central National Bank, Enid, and G. C. Wheeler, president, Oklahoma National Bank, Clinton.

## Florida's Taxes

A booklet, "Florida Taxes and Exemptions," is being made available to the banks of that state for distribution to their customers. It is the joint work of the trust division of the state bankers association, the state comptroller and Prentice-Hall, Inc. A similar booklet several years ago proved very popular. The present undertaking includes much additional information, and several tables and comparisons with tax requirements of other states.

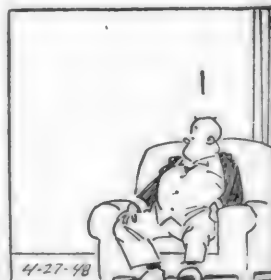
## Central States School

More than 430 bankers—from assistant managers of departments to board chairmen—will go back to school on August 23 when the School of Banking at the University of Wisconsin begins its fourth session. The school, which brings its student body together annually for a two-week on-campus session, is sponsored by the Central States Conference.

The school was started in 1945 with 47 students from three states. This year's record enrolment will represent 24 states and the District of Columbia. Harry C. Hausman, chairman of the school's board of trustees, secretary of the Illinois Bankers Association and

(CONTINUED ON PAGE 86)

## POP—Sad Optimist



J. MILLER WATT

**Fairbanks-Morse  
Opposed-Piston  
Diesel Design . . .**

Two pistons in each cylinder, driven apart by a central combustion . . . delivering more power per cylinder, reducing bulk and weight, minimizing maintenance costs and "down time." Proved for years in toughest heavy-duty service.

**For Diesel Engines . . .**



**FAIRBANKS-MORSE**

**A name worth remembering**

# Outstanding . . .

## **The Fairbanks-Morse Model 38 Opposed-Piston Engine!**

The Model 38's advanced two-cycle Opposed-Piston design eliminates 40 percent of the working parts of the ordinary Diesel engine. The Model 38 has no valves, no cylinder heads —*produces up to twice as much horsepower per foot of floor space!* For heavy-duty service as the main engine in small plants or a space-saving unit in larger installations, consider the basic advantages of the Model 38. See your Fairbanks-Morse Diesel specialist for full particulars . . .

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DIESEL LOCOMOTIVES • DIESEL ENGINES  
STOKERS • SCALES • MOTORS • GENERATORS  
PUMPS • FARM EQUIPMENT • MAGNETOS  
RAILROAD MOTOR CARS and STANDPIPES

(CONTINUED FROM PAGE 84)

president of the State Association Section of the American Bankers Association, says that the remarkable thing about this year's attendance is the fact that almost all of last year's first and second year students are returning. Attendance at three annual sessions is required for graduation, in addition to the between-sessions requirements of study and research.

Wall G. Coapman, registrar of the school and secretary of the Wisconsin Bankers Association, announced in March that the freshman capacity of

203 was almost filled up at that time.

More than 115 lecturers will appear before the student body this year, 18 new members having been added to the faculty, according to Dr. Herbert V. Prochnow, director of the school and vice-president, First National Bank of Chicago. Among the outstanding additions to the faculty this year is M. S. Szymczak, member of the Board of Governors of the Federal Reserve System.

### Women's Groups Meet

The Middle Atlantic Division of the Association of Bank Women, The New

York League of Life Insurance Women and the Women's Bond Club of New York recently held a joint dinner meeting in New York City.

Stephen M. Foster, economic advisor of the New York Life Insurance Co., was the guest speaker. His subject was "Some Thoughts About Inflation." Catherine S. Pepper of the National City Bank of New York presided.

There was also a panel discussion on customer service. The speakers and their subjects were: Edith Halfpenny, assistant trust officer, Guaranty Trust Company, "Taxation"; Dorothy R. Funck, assistant vice-president, Irving Trust Company, "Custodian Accounts and Investment Analysis"; Mabel R. Wiessmann-Kent, secretary, The Bloomfield Savings Institution, "Savings Bank Services"; Katherine J. Judson, executive assistant, Central Hanover Bank & Trust Co., "Women's Banking Department"; Florence Geoghegan, assistant vice-president, Bronxville Trust Company, "Wills"; Lillian M. Griffin, investment counsellor, Shearson, Hamill & Co., "Investment Counselling"; Dorothy M. Boond, representative, New York Life Insurance Co., "Average Insurance Program."

### Central States Election

David M. Auch, executive manager of the Ohio Bankers Association, has been elected president of the Central States Conference of Bank Association Officers. Mr. Auch previously served in the same office in the year 1932-33.

At the same annual meeting of the organization, Robert E. Lee Hill, sec-

(CONTINUED ON PAGE 88)

SUNDAY MONDAY

TUESDAY WEDNESDAY

THURSDAY FRIDAY

SATURDAY



**'Round The Week and 'Round The Clock  
Our Transit Department Works**

## To Speed Your Items

**Every Night** ... Beginning at 5:00 P. M. the night transit department of Mercantile-Commerce works to speed your items to their destinations without the loss of a day.

**Every Saturday** ... Beginning at 8:00 A. M. a large transit department staff starts working to avoid any weekend delays. This plan is also used on Sundays.

*Just another feature of Mercantile-Commerce service to its hundreds of correspondents. YOUR inquiry is invited.*



**A PUBLIC SPEAKER IS A  
PERSON WHO WILL SIT  
UP ALL NIGHT WRITING  
A SPEECH THAT WILL  
PUT AN AUDIENCE TO  
SLEEP THE NEXT DAY.**





STATEMENT OF CONDITION, MARCH 31, 1948

RESOURCES

Cash and Due from Banks . . . . .	\$1,267,487,348.04
U. S. Government Obligations . . . . .	1,725,308,801.39
State and Municipal Securities . . . . .	63,240,181.37
Other Securities . . . . .	132,390,195.31
Loans, Discounts and Bankers' Acceptances . . . . .	1,405,956,869.27
Accrued Interest Receivable . . . . .	10,550,792.77
Mortgages . . . . .	13,334,596.44
Customers' Acceptance Liability . . . . .	13,465,390.71
Stock of Federal Reserve Bank . . . . .	7,950,000.00
Banking Houses . . . . .	30,792,303.59
Other Assets . . . . .	5,400,476.63
	<u>\$4,675,876,955.52</u>

LIABILITIES

Deposits . . . . .	\$4,295,185,055.57
Dividend Payable May 1, 1948 . . . . .	2,960,000.00
Reserve for Taxes, Interest, etc. . . . .	7,277,898.31
Other Liabilities . . . . .	15,173,961.10
Acceptances Outstanding . . . . .	\$ 19,093,943.26
Less Amount in Portfolio . . . . .	4,242,732.12
Reserve for Contingencies . . . . .	18,029,754.72
Capital Funds:	
Capital Stock . . . . .	\$111,000,000.00
Surplus . . . . .	154,000,000.00
Undivided Profits . . . . .	57,399,074.68
	322,399,074.68
	<u>\$4,675,876,955.52</u>

United States Government and other securities carried at \$328,794,220.00 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

# THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

# THE BALTIMORE AND OHIO RAILROAD COMPANY

## SUMMARY OF ANNUAL REPORT 1947

### TO ALL SECURITY HOLDERS:

Industrial production in 1947 was maintained at a high level and the volume of freight transported by the Company was greater than for any preceding peacetime year. Total earnings were \$367,600,700, but expenses reached an all-time high at \$358,341,319, leaving net earnings of \$9,259,381. Comparison with 1946 follows:

EARNINGS:	1947	Comparison with 1946
From transportation of freight, passengers, mail, express, etc.	\$360,294,995	I \$55,310,279
From other sources—interest, dividends, rents, etc. ....	7,305,705	I 912,607
Total. ....	\$367,600,700	I \$56,222,886
EXPENSES:		
Payrolls, material, fuel, services and taxes. ....	\$327,255,262	I \$52,381,502
Interest, rents and miscellaneous services. ....	31,086,057	D 857,068
Total. ....	\$358,341,319	I \$51,524,434
Net Earnings. ....	\$ 9,259,381	I \$ 4,698,452

The return on the Company's net investment of \$956,423,861 in property devoted to transportation service was only 3.04%, or about half of the 6% considered a fair return.

Confronted by sharply higher wage and supply costs, and an inadequate return on investment in their properties, the railroads petitioned the Interstate Commerce Commission during 1947 for increases in rates and fares. Two interim freight rate increases were granted, effective October 13, 1947 and January 5, 1948. It is estimated these interim increases will yield the Company 16% additional freight revenue annually based on present traffic volume. The Commission still has before it for final decision the petitions for permanent relief. Passenger fares were increased June 1, 1947 from 2.2 cents to 2.5 cents per mile in coaches, and from 3.3 cents to 3.5 cents per mile in Pullman cars. Increases in express rates and an interim increase in pay for handling railway mail were also authorized.

The acquisition of 30 powerful steam locomotives, seven Diesel passenger locomotives, 1940 steel box cars, 7365 steel hopper cars, 100 express cars and miscellaneous passenger and work car units, at a cost of about \$42,000,000, coupled with substantial improvements in line, track, terminals and structures at many points on the railroad, brought B & O's transportation efficiency up to the highest point in its history. With the delivery of 5636 additional steel hopper cars, 60 Diesel road freight locomotives and 100 Diesel switchers, scheduled for 1948, it is believed the Company's freight handling equipment should be adequate to meet traffic requirements.

The Management acknowledges, with appreciation, the loyalty and efforts of officers and employees, and the cooperation of stockholders, patrons and agencies of the Government throughout the year.

R. B. WHITE, President

(CONTINUED FROM PAGE 86)

retary, Missouri Bankers Association, was advanced from second to first vice-president, and Ralph Fontaine, secretary, Kentucky Bankers Association, was advanced from secretary-treasurer to second vice-president.

C. C. Wattam, secretary of the North Dakota Bankers Association, was elected secretary-treasurer. Mr. Wattam was president in 1936-37.

The 16 states which are members of the conference are: Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota and Wisconsin.

### State Secretaries at French Lick

For two days following the A.B.A. Executive Council meeting at French Lick, Indiana, the State Association Section held a Secretaries Conference.

On April 20 the program included the following speakers and subjects:

Harold Marshall, vice-president, Bankers Trust Company, New York, "Pension and Insurance Plans for Bank Personnel"; John B. Mack, Jr., deputy manager, A.B.A., "Public Relations from an Association Standpoint"; Lou Ronder, manager, insurance division, Continental Illinois National Bank and Trust Company, Chicago, "Insurance Protection in the Banking Field"; Kenneth McDougall, executive manager, Savings Banks Association of Massachusetts, and Marchant D. Wornom, secretary-treasurer, Virginia Bankers Association, "Research Projects of State Associations"; J. C. Scarborough, secretary-treasurer, Colorado Bankers Association, Jeff Burnett, secretary, Arkansas Bankers Association, and Floyd M. Call, secretary, Florida Bankers Association, "Publications" (magazines and bulletins).

The April 21 sessions heard Walter L. Flynn, manager, research department, National Surety Corporation, discuss "Bank Protection and Crime Prevention". Mr. Flynn was followed by four state association secretaries: Fred W. Greene (North Carolina), "Conventions, Conferences and Programs"; Ray O. Brundage (Michigan), "Financing the Association"; Andrew Miller (Washington), "Committees and Their Activities"; Ralph Fontaine (Kentucky), "Cooperation between State Associations and the American Bankers Association."

The conference was presided over by Harry C. Hausman, secretary of the Illinois Bankers Association and president of the State Association Section.

# BANKING NEWS

## Big Program Is Planned for A.I.B. Convention at Buffalo, June 7-11

### Speakers at General Sessions Are Named

Names of the three principal speakers at the two general sessions of the 46th annual convention of the American Institute of Banking, which will be held at the Hotel Statler in Buffalo, June 7-11, have been announced by Pierre N. Hauser, vice-president of the Institute and vice-president of The First Wisconsin National Bank, Milwaukee.

Lewis G. Harriman, president of the Buffalo Clearing House Association and president of the Manufacturers and Traders Trust Company there, will deliver the address of welcome at the opening session on June 7. Kenneth McFarland, superintendent of schools in Topeka, Kansas, will be the guest speaker at this session.

Dr. George W. Crane, nationally known psychologist, radio lecturer, and consultant in industrial and business psychology, will address the closing business session on Friday afternoon, June 11.

### Program Committee

Preparation of the program is in the hands of the Program Committee of which Mr. Hauser is chairman. Members are: Peter C. Jansen, Manufacturers and Traders Trust Co., Buffalo, who is chairman of the Buffalo Convention Committee; Floyd W. Larson, national secretary of the American Institute of Banking; and Edward A. Wayne, Federal Reserve Bank, Richmond, Va., chairman of the Departmental Conference Committee.

Serving on the Buffalo Convention Committee with Mr. Jansen are: Vice-general Chairmen C. Edward Berryman, Marine Trust Co.; William P. Eyring, Liberty Bank; and Roy L. Robeson, Manufacturers and Traders Trust Co. I. C. Grimmer, Marine Trust Company, is committee secretary, and Eleanor B. Krueger, Manufacturers and Traders Trust Co., assistant secretary.

## Association's Work Reviewed at French Lick Spring Meeting of the Executive Council in April

The Executive Council of the American Bankers Association held its annual spring meeting at French Lick, Ind., April 18-20.

The Council is the group within the Association representing the membership directly. It consists of 119 members, including 88 elected by A.B.A. banks and 12 appointed by the Association president;

also the president and vice-president of each of the six divisions and the chairmen of the seven commissions.

The Council holds two meetings a year—one in April and one during the Fall convention—for the purpose of reviewing the work of the Association as reported by the various departmental units which constitute the working machinery.

Leo E. Werdein, Federal Reserve Bank, is president of Buffalo Chapter, A.I.B.

The convention committee chairmen and vice-chairmen are as follows (first name in each instance is the chairman):

*Debate*, Kenneth P. Mead, Federal Reserve Bank; Donald M. Ringleben, Marine Trust Co.; *Entertainment*, Norman H. Drosendahl, Manufacturers and Traders Trust Co.; William H. Colestock, Western Savings Bank; Robert H. Braithwaite, Manufacturers and Traders Trust Co.; *Halls and Meeting Places*, Carl C. Schell, Liberty Bank; Frank Henderson, Federal Reserve Bank; *Hotels*, A. Warren Anderson, Marine Trust Co.; John Stewart, Manufacturers and Traders Trust Co.; Carl J. Lambein, Ebenezer State Bank, Ebenezer, N. Y.

*Information*, Henry G. Blaufuss, Manufacturers and Traders Trust Co.; Herbert L. Cramer, Marine Trust Co.; *Personnel*, Frank A. Elliott, Liberty Bank; W. Franklin Maischoss, Buffalo Savings Bank.

*Publicity*, C. Richard Shoemaker, Manufacturers and Traders Trust Co.; Ronald B. Connors, Buffalo Industrial Bank; *Public Speaking*, Edward K. Pettapiece, Manufacturers and Traders Trust Co.; Richard Triller, Marine Trust Co.

*Reception*, Homer R. Berryman, Marine Trust Co.; M. Monroe Myers, Federal Reserve Bank; Kathleen J. Sweeney, Manufacturers and Traders Trust Co.; Richard Sullivan, Niagara National Bank; *Registration*, John L. Shaughnessy, Liberty Bank;

## A.B.A. April Mailings to Membership Listed

Here is a list of material mailed to member banks by the American Bankers Association during April:

**ADVERTISING:** "Peter Penny Saves the Day" and reoffering of "Peter Penny and His Magic Dollar." Samples of new advertising material—check folder "Hints About Checks," FHA repair loan folder "Finance Home Repairs," folder on auto loans "If You're Going to Borrow," new checking account lobby display cards, two newspaper ad series, one emphasizing savings and the other, checking accounts.

**CONSUMER CREDIT:** Questionnaire on current business conditions relating to consumer durable goods. Monthly delinquency study on consumer installment credit—results of a survey of 250 banks.

**HOME LOANS:** Analysis of Veterans Administration survey on home loan data.

**VETERANS:** "Straws in the Wind," bulletin on veterans' problems (secondary market, housing).

James B. Huntley, Marine Trust Company.

*Transportation*, Charles E. Rhodes, Jr., Marine Trust Co.; George H. Roller, Liberty Bank; Herbert G. Warsitz, Lincoln National Bank; *Utility*, Edward N. Sandel, Liberty Bank; Charles B. Wall, Marine Trust Co.

*Women's*, Gertrude Wendelgas, Marine Trust Co.; Roberta Rowell, Federal Reserve Bank; Caroline B. Basher, Liberty Bank; Louise K. Cornish, Buffalo Savings Bank.



Henry M. Sommers

## Sommers Now Assistant Counsel of Association

Appointment of Henry M. Sommers to the posts of assistant general counsel of the American Bankers Association and assistant to the executive manager by the Administrative Committee at its meeting in French Lick, Ind., last month is announced by A.B.A. Executive Manager Harold Stonier.

Mr. Sommers has been affiliated with the A.B.A.'s legal staff since 1939 and succeeds the late Liston C. Bertram in the two offices. He came to the Association on a part time basis to assist with the research, writing and editing of the fourth edition of "Paton's Digest."

When the "Digest" revision was completed in 1944 he accepted a permanent appointment as an attorney in the Association's Legal Department.

### Banking Experience

Mr. Sommers brought to the A.B.A. a background of bank experience as well as legal training. He was employed by a small commercial bank in New York City from 1921-26, starting as a messenger and rising to the managership of the note, collection and foreign departments. After receiving his LL.B. degree from a local law school, Mr. Sommers was admitted to the New York Bar in 1928 and soon opened his own office in New York City for the general practice of law which he continued until 1944.

He has written for various legal publications and edited *Current Legal Thought* for five years.



**COMMERCIAL BANKING V:** *Left to right*, Louis J. Asterita, Albert C. Simmonds, Jr., T. Allen Glenn, Jr., Carlisle R. Davis, Harry C. Culshaw, Walter B. French, Robert C. Tait, Carl M. Flora, S. Guernsey Jones, and William F. Schroer



**COMMERCIAL BANKING VI:** *Left to right*, Leroy Lewis, Oliver S. Powell, A. G. Brown, James E. Baum, K. C. Bell, and William Powers



**CB IV:** *Left to right*, Harold E. Zarker, John J. Driscoll, Jr., Harold E. Randall, George R. Amy, Melvin C. Miller, and W. L. Gregory

**PERSONNEL AND PUBLIC RELATIONS POLICIES:** *Left to right*, William H. Neal, John B. Mack, Jr., Lester Gibson, William R. Kuhns, and Registrar William Powers

WEIMAN & LESTER



# G. S. B. Plans

*Summer Session June 21-July 3*

**T**HE capacity of The Graduate School of Banking will be taxed to the utmost again this year, with a new high registration of 950. Dr. Harold Stonier told 60 faculty and administrative staff members at the faculty's annual spring meeting in New York. Over 100 additional applicants were approved and have been placed in the preferred category for consideration in 1949. Dr. Stonier is executive manager of the American Bankers Association and G. S. B. director.

Bank executives composing the student body will come from 41 states, the District of Columbia, and Chile. The Graduate School, designed to serve senior bankers, was launched by the A. B. A. in 1935 at Rutgers University with 220 students. The 1948 resident session will be held at Rutgers from June 21 to July 3.

The faculty conference, which brought instructors from all sections of the country, was a two-part affair. At a luncheon meeting, Dr. Stonier outlined plans for the 1948 session, reviewed the school's progress and turned the searchlight on its future.

In the afternoon, the faculty and A. B. A. staff members broke up into small, workshop groups, according to majors, submajors and special subjects, to discuss the factual material, ideas and suggestions presented by Dr. Stonier, and to put the finishing touches on their lecture outlines and teaching schedules. *BANKING's* photographer snapped most of the faculty during the workshop sessions and they are presented on these pages.

Changes announced in the curriculum of the Graduate School by Dr. Stonier include a new submajor—an orientation course—for the freshman class, and an elaboration of the course on "relations" for junior and senior class groups.

## Dodge and Burgess to Address Assemblies

The general assembly on the first Friday evening of the session will be addressed by Dr. W. Randolph Burgess and the assembly on Monday evening of the second week will be addressed by Joseph M. Dodge. Dr. Burgess is chairman of the executive committee, The National City Bank of New York, chairman of the board, City Bank Farmers Trust Company, and chairman, Economic Policy Commission of the A. B. A. Mr. Dodge is president of The Detroit Bank and of the American Bankers Association.

The orientation presentation will be given in three divisions on six evenings. It will cover: (1) Living routines on the campus, administration of the school, rules and schedules, and its history, character and objectives.

(2) Classroom work, faculty relations and assistance, preparation for extension work at home, and other student responsibilities.

(3) Ideas and suggestions on the preparation, organization and writing of an original thesis, which is required as a condition for graduation. It will define the thesis and its purpose and inform the student on procedures to be followed in conferring with the faculty advisor assigned to him. It will suggest to him some guides to the selection of a thesis topic and also methods of research. It will tell him how to go about finding material; how to select what he needs; and how to organize the material he has obtained. It also will give him some suggestions concerning the actual writing.

**BANKING**



Junior and senior classes will also have a series of submajors at night. These submajors constitute a course in "relations"—relations with employees, with customers, with the public and with the Government. Students will get part of this course in their junior and part in their senior years.

### Alumni Reunion and Conference

While the Graduate School faculty was putting the finishing touches on the 1948 curriculum, the alumni of the school held their eleventh annual reunion and conference in another part of the same hotel. In the evening the two groups joined forces at a reunion dinner, at which Under Secretary of the Treasury A. L. M. Wiggins was guest of honor. Mr. Wiggins, Dr. Stonier, Dr. William A. Irwin, A. B. A. economist and associate director of the G. S. B., William Powers, A. B. A. deputy manager and G. S. B. registrar, and Martin J. Travers, of the Power City Trust Company of Niagara Falls, New York, and president of the 1946 Class, made brief, off-the-record talks.

At its afternoon meeting, the alumni, following its usual custom, held group conferences in each of the G. S. B. majors. Speakers and topics were as follows:

**Commercial Banking:** Clinton B. Axford, of the *The American Banker*, spoke on "The Reserve Method of Accounting for Bad Debts for Federal Income Tax Purposes." Participants in a panel discussion, "What Is To Be Done About the Trend of Increasing Salary Costs and Diminishing Productivity in Banking," included Walter G. Vogel, The Irving Trust Company, New York; Reginald T. Cole, Title Guarantee & Trust Co., New York; and Arthur T. Roth, The Franklin Square (New York) National Bank. Walter B. French, A. B. A. deputy manager, spoke on "Present Day Credit Policies." Conference leaders: Mr. Cole and Mr. Roth.

**Investments:** Raymond Rodgers, New York University, on "Whose Money Market?" and Patrick B. McGinnis, McGinnis, Bamptom & Selger, New York, on "Railroad Equipment Financing." Conference leaders: R. G. Brandely, East River Savings Bank, and Arthur J. Vouté, Emigrant Industrial Savings Bank, New York.

**Savings Management:** Louis Rub, East River Savings Bank, New York, on "Parable of the Talents—Are We Slothful Servants?" and Richard Rapport, Connecticut Commissioner of Banking, on "Anti-Inflation." Conference leaders: J. P. Heney and Henry G. Raab, both of East River Savings.

**Trusts:** Gilbert T. Stephenson, G. S. B. staff, on "The Forgotten Man in the Trust Business—The Commercial Banker"; A. James Casner, Harvard University, on "Recent Tax Trends and Their Effects on Trusts"; Thomas Grant, Jr., Union Trust Company, Washington, on "The Trust Officer's View of the Role of Insurance in Estate Planning"; and Earl S. MacNeill, Continental Bank & Trust Co., New York, on "Position of the Lawyer in Estate Planning." Conference leader: Charles E. Orcutt, A. B. A. Trust Division.

W. H. Ronald, Jr., Chase National Bank of New York, Mr. Raab, and Mr. Roth were in charge of arrangements. Herman Goebbert, also of Chase, was the treasurer.

More than 225 Graduate School men from various parts of the United States attended the alumni reunion and participated in the conference and dinner sessions.

#### COMMERCIAL BANKING CONFERENCE

**SAVINGS MANAGEMENT AND REAL ESTATE FINANCE:** Left to right, Richard Rapport, Rowland R. McElvare, Ernest M. Fisher, J. R. Dunkerley, Robert F. Marchant, Russell D. Niles, James W. Wooster, Jr., Donald B. Woodward, and Neil G. Greensides

**INVESTMENTS:** Left to right, Robert W. Bachelor, Paul I. Wren, T. J. Herbert, Robert Coltman, Joseph E. Morris, and John S. Linen

**SUBMAJOR GROUP:** Left to right, Melville M. Parker, William A. Irwin (associate director), B. U. Ratchford, and A. A. Friedrich

**HEAD TABLE SCENE AT JOINT FACULTY-ALUMNI DINNER:** Left to right, G. S. B. Director Stonier, Under Secretary Wiggins, and Class of 1946 President Travers

CHARLIE AGUS

## A.I.B. Conducts Job Relations Training Institutes in St. Paul, New York, Mobile

The American Institute of Banking is conducting three Job Relations Training Institutes, each lasting a full week. They are intended primarily for supervisory personnel.

The first took place in St. Paul last month. The second was held in New York City from April 5 through 9, with the third in Mobile, Ala., during the week of April 19.

The course presents the fundamentals which will insure good relations between the supervisor and members of the bank's staff he directs. It

recognizes that individual supervisory problems will arise and presents an organized plan for handling these problems.

The institutes consist of practice and drilling in the use of the program and the technique of presenting it most effectively. Each participant receives an instructor's manual and sufficient material to enable him to conduct similar 10-hour courses to benefit supervisory employees in his own bank.

Robert C. Rutherford, assistant secretary of the A.I.B., conducted the institutes.

"Is it all right to put my loose change in it at the end of the day?"



## CALENDAR

### American Bankers Association

June 7-11	American Institute of Banking, Annual Convention, Buffalo, N. Y.
June 19-26	Graduate School of Banking, Rutgers University, New Brunswick, N. J.
Sept. 26-29	Annual Convention, Book-Cadillac and Statler Hotels, Detroit, Mich.
Oct. 13-15	Western Regional Trust Conference, Multomah Hotel, Portland, Ore.
Nov. 4-5	Mid-Continent Trust Conference, Drake Hotel, Chicago, Ill.

### State Associations

May 3-5	Missouri, Jefferson Hotel, St. Louis
May 6-7	Alabama, Hotel Tutwiler, Birmingham
May 6-7	Massachusetts, New Ocean House, Swampscott
May 6-8	New Mexico, Nickson Hotel, Roswell
May 6-7	Oklahoma, Skirvin Hotel, Oklahoma City
May 10-11	South Carolina, Ocean Forest Hotel, Myrtle Beach
May 11-12	Mississippi, Buena Vista Hotel, Biloxi
May 12-13	Indiana, Claypool Hotel, Indianapolis
May 12-14	Kansas, Topeka
May 13	Delaware, Wilmington Country Club, Wilmington
May 13-15	New Jersey, Hotel Traymore, Atlantic City
May 16-18	California, Hotel del Coronado, Coronado
May 17-21	Florida, Bank Executives Forum, Daytona Beach
May 17-18	North Carolina, The Carolina, Pinehurst
May 19-21	Pennsylvania, Hotel Traymore, Atlantic City, N. J.
May 22	Nevada, Hotel Nevada, Ely
May 24-26	Arkansas, Arlington Hotel, Hot Springs
May 24-26	Texas, The Gunter Hotel, San Antonio
May 26-27	Ohio, Neil House, Columbus
May 27-28	Maryland, Hotel Traymore, Atlantic City, N. J.
May 29-31	Arkansas, Annual Educational Conference, Junior Bankers Section, Arlington Hotel, Hot Springs
June 2-6	District of Columbia, The Greenbrier Hotel, White Sulphur Springs, West Va.
June 2-4	Illinois, Edgewater Beach Hotel, Chicago
June 2-4	Missouri, Bankers Conference, University of Missouri, Columbia
June 4-5	New Hampshire, Hotel Wentworth, Portsmouth
June 7-11	Florida, Agricultural School, Gainesville
June 7-8	Idaho, Challenger Inn, Sun Valley
June 9-10	Georgia, Ansley Hotel, Atlanta
June 10-12	Colorado, Hotel Colorado, Glenwood Springs
June 10-11	Washington, Empress Hotel, Victoria, B. C.
*June 11-12	North Dakota, Nicollet Hotel, Twin Cities
*June 11-12	South Dakota, Nicollet Hotel, Twin Cities
June 11-12	Vermont, Equinox House, Manchester
June 12-15	New York, Mount Washington Hotel, Bretton Woods, N. H.
June 14-15	Oregon, Hotel Baker, Baker
June 16-17	Minnesota, Nicollet Hotel, Minneapolis
June 17-19	Virginia, Homestead Hot Springs
June 17-18	Wyoming, Sheridan
June 21-23	Wisconsin, Schroeder Hotel, Milwaukee
June 24-26	Michigan, Grand Hotel, Mackinac Island
June 24-26	Montana, Many Glacier Hotel, Glacier Park
June 25-27	Maine, Poland Springs House, Poland Springs
June 28-29	Utah, Hotel Utah, Salt Lake City

Aug. 5-6	West Virginia, Greenbrier Hotel, White Sulphur Springs
Aug. 16-23	New York, School of Agriculture, Cornell University, Ithaca
Aug. 22-28	Arkansas, Seminar, University of Arkansas, Fayetteville
Oct. 3-4	Vermont, Fall Meeting, Wanneck Hotel, Jefferson, N. H.
Oct. 25-27	Iowa, Hotel Fort Des Moines, Des Moines
Nov. 10-11	Nebraska, Hotel Fontenelle, Omaha

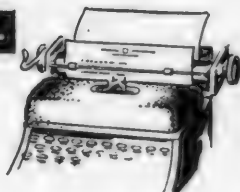
\* Joint Meeting.

### Other Organizations

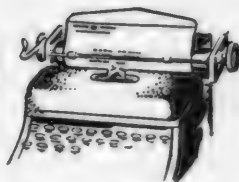
May 5-8	National Association of Bank Auditors and Comptrollers, Mid-Continent Regional Conference, Baker Hotel, Dallas, Tex.
May 9-12	Association of Reserve City Bankers, Hotel del Coronado, Coronado Beach, Calif.
May 12-14	National Association of Bank Auditors and Comptrollers, Western Regional Conference, Biltmore Hotel, Los Angeles, Calif.
May 13-15	American Industrial Bankers Association, Edgewater Beach Hotel, Chicago, Ill.
May 18	Savings Banks Association of New Jersey, Montclair Golf Club, Montclair, N. J.
May 23-28	National Savings and Loan League, Chalfont-Haddon Hall, Atlantic City, N. J.
May 24-26	National Association of Mutual Savings Banks, Hotel Traymore, Atlantic City, N. J.
May 29-31	Consumer Bankers Association, Central-Western Section, Spring Meeting, Congress Hotel, Chicago, Ill.
June 4-5	Savings Banks Association of New Hampshire, Hotel Wentworth, Portsmouth, N. H.
June 12	New Jersey State Safe Deposit Association, Hotel Berkeley Carteret, Asbury Park, N. J.
July 11-16	Carolina Bankers Conference, Chapel Hill, N. C.
Aug. 2-13	Pacific Coast School of Banking, University of Washington, Seattle, Wash.
Aug. 23-Sept. 4	Central States School of Banking, University of Wisconsin, Madison
Sept. 12-19	New York State League of Savings & Loan Associations, Saranac Inn, Saranac
Sept. 16-18	Savings Banks Association of Massachusetts, New Ocean House, Swampscott
Sept. 19-22	Savings Banks Association of Maine, Poland Springs House, Poland Springs, Maine
Sept. 24-26	Association of Bank Women, Hotel Fort Shelby, Detroit, Mich.
Oct. 8-9	Savings Banks Association of Connecticut, Equinox House, Manchester, Vt.
Oct. 10-13	National Association of Bank Auditors and Comptrollers, Biltmore Hotel, Atlanta, Ga.
Oct. 25-27	Robert Morris Associates, Statler Hotel, St. Louis, Mo.
Nov. 4-6	Savings Banks Association of the State of New York, Hotel Traymore, Atlantic City, N. J.
Nov. 8-12	United States Savings and Loan League, New York, N. Y.
Nov. 29-Dec. 2	Financial Public Relations Association, Hollywood Beach Hotel, Hollywood, Fla.

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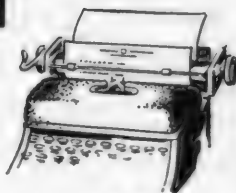


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# Is Devaluation Out of Fashion?

(CONTINUED FROM PAGE 43)

what similar system has for some time been in operation in Italy.

Most other continental countries prefer, however, to maintain the value of their exchanges at the old high level. Yet it is futile to try to bolster up the exchange value of a currency at an artificial level if its internal purchasing power has depreciated too far, and if it is universally distrusted at home and abroad. Doubtless, an efficient government is in a position to maintain an unduly high parity for officially approved transactions such as payments for authorized imports; and it may compel exporters to surrender the proceeds of their sales at the official exchange rate. But if, as a result of the rise of internal prices, the cost of production rises far above that of competing foreign goods, the volume of exports is likely to decline. And even though, owing to exchange restrictions, devaluation fears cannot now lead to wholesale flight of capital as they did on innumerable occasions between the two wars, in practice there are many loopholes even in the most effective exchange control. Apart from this, devaluation fears prevent the repatriation of capital which is already abroad. These and many other considerations must have been in the French Government's mind when deciding to devalue the franc for the second time since the end of the war.

## Britain's Position

What is Britain's position amidst the conflicting postwar monetary trends? For years the British Government was fighting hard to retain a free hand to devalue the pound if and when this should be considered necessary. Eventually the government gave way, and accepted the American demand for restricting the right to devalue. But now the rôles seem to have become reversed. The British Government seems unwilling to devalue sterling, even though there are indications that it would not be opposed from Washington. In spite of this attitude, it is widely believed abroad that sterling is doomed to devaluation. This view is not shared by the British public, or by the large majority of British experts who consider a devaluation both unnecessary and futile. For one thing, the rise in prices in Britain has been relatively moderate; it has been less than in the United States and in most other countries. The inflationary tide appears to have turned in Britain. There is now a large budget surplus, and the note circulation declined sharply towards the end of 1947 and the beginning of 1948. Nor is it necessary to devalue the pound from the point of view of stimulating British exports. In most lines Britain is able to sell abroad all available goods, even on the basis of the present value of the pound, and devaluation would simply mean the voluntary acceptance of lower prices for imports which could easily be sold for higher prices. Admittedly, in some lines British exporters are experiencing difficulties, owing to the development of a buyers' market. But the increase of exports in those lines through a devaluation would not offset the loss of the yield of the total exports through acceptance of lower prices.

This is the main consideration that determines the British Treasury's attitude toward devaluation. The ministers and officials concerned are not at all dogmatic about it; there is no question of wanting to defend, for considerations of principle or prestige, the present value of sterling "with the last drop of their blood." The moment they come to the

conclusion that by devaluing it would be possible to increase the yield of British exports and to reduce the deficit of the balance of payments they would decide in favor of devaluation. At the time of writing, however, the view is strongly held that devaluation would actually widen the "gap," because it would not be possible to increase the volume of exports to a sufficient extent to make up for the reduction of the prices obtained for them.

## Devaluation Again Fashionable?

The main reason why a devaluation of sterling is so widely anticipated is that it is quoted at a heavy discount in free markets and black markets abroad. But the turnover on such markets is very small. Most dealings in sterling are handled on the basis of the official rates. Nor is it certain by any means that the discount on sterling in the black markets would disappear even after its devaluation. For, since devaluation would not solve the problem of the deficit of the trade balance, sterling would continue to be viewed with pessimism at its lowered value.

Another reason why a devaluation of sterling is a favorite tip of financial prophets is that during recent months, especially since the second devaluation of the franc, devaluation has become once more fashionable. It is to be hoped, however, that the statesmen of Britain and of other countries, when confronted with their devaluation dilemma, will not allow themselves to be influenced by monetary fashion or by dogmatism, but will decide strictly on a basis of practical expediency. Even so, mistakes are likely to be made. But the chances of finding the right solution would not be prejudiced by preconceived notions. Our generation, which has witnessed some fundamental changes in monetary policy, has good reason to distrust decisions based on the latest fashion.



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## Youth Work Key to Success

(CONTINUED FROM PAGE 64)

OVER a period of years, three brothers have been aided in the purchase of cattle by the First State Bank of Faribault, Minnesota, for entry in 4-H Club projects. The eldest brother made an enviable record as a soldier in World War II and now holds a responsible position in civilian life.

The second brother has taken over the management of his father's farm and, despite his youth, is regarded as one of the outstanding farm operators

in the Faribault area. In 1945 his beef entry won the Rice County 4-H Club championship. The third brother, though still in school, is active in youth work. In 1947 his 4-H entry scored very high and he was well repaid for his efforts.

John Carlander, president of the State Bank, feels that without the bank's financial assistance it is doubtful that any of these boys would have become leaders in farm youth activities.

The bank's officers are assigned to all youth activities—both farm and urban. To broaden their knowledge, they rotate among the various groups. The bank takes an active part in the annual 4-H Club sale and feels that this project is its most helpful ally.

Two years ago the First City Bank and Trust Company of Hopkinsville, Kentucky, advanced \$18,169 to 120 white and colored FFA and 4-H members to buy 189 Hereford calves. Although a few calves died, those remaining sold a year later for over \$56,000. Profits ranged from \$30 to \$300. Every note was paid either by insurance or from the sale proceeds. Many of the youthful borrowers opened new accounts, while others deposited in accounts opened the previous year.

One of Hopkinsville's most promising farmers got his start a few years ago with a loan from the First-City Bank and Trust Company to buy a Hereford heifer for a 4-H project. He sold the first calf and paid off his loan. The next year he borrowed again—this time to buy two heifers. By the time he had finished school he had built up a sizable herd and sufficient financial reserves to enable him to buy a team of mules and some meager tools for a rented farm. He is now paying for his own farm and besides is operating a 400-acre farm in partnership with a non-resident owner. He has modern tools and equipment, including truck and tractor, and owns 100 head of cattle, hogs, etc.

President E. L. Weathers reports that his bank's youth activities have brought it many new accounts from parents and children alike.

UNDER its dairy calf and beef calf clubs, The First National Bank of Findlay, Ohio, has outstanding to FFA and 4-H members 74 loans on 116 animals, aggregating \$13,666.

The bank also sponsors other youth projects, including farm account record

keeping by FFA members who attend rural schools and support of Boy Scout work through staff membership on the Scout finance committee for Hancock County.

"The First National has gained the friendship and confidence of the farm youth in this area and of their parents and friends," says Robert A. Feller, farm representative. "This friendship has resulted in a wide increase in farmer-bank contacts that have been mutually profitable. The community has gained in proportion to the benefits that the boys and girls of the community have benefited from these activities."

ANOTHER success story, reported by The First National Exchange Bank of Roanoke, Virginia, is that of Billy Hurt, 4-H member, who was granted a \$100 loan to buy a horse, wagon and some seed. From a 4-H garden and hay project he grossed over \$900 and had a net profit of around \$500. This includes, of course, his labor. For this project he was awarded a trip to the 4-H Congress in Chicago. He now has two fine horses and equipment.

W. E. ELLIS, president of the Commercial National Bank of Ocala, Florida, reports that his bank has supported every 4-H Club and FFA chapter activity in the community since 1928. In the past, Mr. Ellis has supervised this work himself; however, he now is training a junior officer to take over.

Mr. Ellis offers the following as one of the bank's most outstanding success stories:

A family living in the Ocala community in 1928, consisting of mother, father and four sons, was heavily burdened with debt and the parents were very much discouraged. The bank fur-

"Sir, if you must know, I want to borrow the \$20 to invest in a muscle building course."



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nished the eldest boy with funds to buy three Duroc gilts. In developing this project, he made it possible for his father to completely change the nature of his farm operations and within 10 years the indebtedness was wiped out.

Through this and later projects financed by the bank, this boy was able to put himself through the University of Florida. He also assisted in the support of his father and mother and helped finance his brothers while they received University training. Today this young man is a county agent in one of Florida's best counties.

THE consensus of those reporting in the Agricultural Commission's farm youth study was that bank participation in youth activities, including Boy and Girl Scouting and YM and YWCA work, have far-reaching benefits to all concerned. In addition to the views already quoted on this point, here are a few others:

☞ Ties young people to the bank; helps to keep young people interested in farm life and induces them to stay on farms. ☞ Builds better relations for the bank and helps to improve livestock in the community. ☞ Builds a lot of goodwill. Will pay off in more farmer and non-farmer customers in the future. Community benefits by children receiving better training. Today's youths are the leaders of future communities and are future bank customers. ☞ Encourages young people to handle their own business. ☞ We have the farmers' goodwill to a greater extent than ever before. ☞ Many 4-H members helped in the past have become good customers of the bank. ☞ This is not only good advertising for the present, but the foundation on which we must build our future. ☞ The bank receives a great deal of goodwill and eventually the 4-H boys go into business for themselves and are desirable bank customers. ☞ Our interest has awakened the desire of many young boys to learn to farm in the most efficient and scientific manner.

"Ahem . . . I've heard you do an extremely funny imitation of me, Peter . . ."



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RESOURCES	
Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers . . . . .	\$ 660,500,756.54
U. S. Government Obligations . . . . .	1,158,058,374.10
Loans and Bills Purchased . . . . .	810,899,654.62
Public Securities . . . . .	\$ 85,390,399.10
Stock of Federal Reserve Bank . . . . .	9,000,000.00
Other Securities and Obligations . . . . .	10,732,229.55
Credits Granted on Acceptances . . . . .	12,203,594.93
Accrued Interest and Accounts	
Receivable . . . . .	7,287,626.34
Real Estate Bonds and Mortgages . . . . .	1,324,992.02
	125,938,841.94
Bank Premises . . . . .	4,865,773.78
Other Real Estate . . . . .	105,724.02
<b>Total Resources . . . . .</b>	<b>\$2,760,369,125.00</b>
LIABILITIES	
Capital . . . . .	\$ 100,000,000.00
Surplus Fund . . . . .	200,000,000.00
Undivided Profits . . . . .	62,552,224.32
<b>Total Capital Funds . . . . .</b>	<b>\$ 362,552,224.32</b>
Deposits . . . . .	\$2,304,437,647.07
Treasurer's Checks Outstanding . . . . .	28,398,171.11
<b>Total Deposits . . . . .</b>	<b>2,332,835,818.18</b>
Acceptances . . . . .	\$ 19,361,611.72
Less: Own Acceptances	
Held for Investment . . . . .	7,086,637.42
	\$ 12,274,974.30
Dividend Payable April 1, 1948 . . . . .	3,000,000.00
Items in Transit with Foreign	
Branches . . . . .	2,196,608.53
Accounts Payable, Reserve for Expenses, Taxes, etc. . . . .	47,509,499.67
	64,981,082.50
<b>Total Liabilities . . . . .</b>	<b>\$2,760,369,125.00</b>

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## Utah Consolidation

A PLAN to consolidate all First Security Corporation banking activities in Utah into the state's largest bank, FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, was announced recently.

The consolidation, scheduled to become effective May 1, brings together the FIRST NATIONAL BANK of Salt Lake City; the FIRST SECURITY BANK of Utah, Ogden; and the banking activities of the FIRST SECURITY TRUST COMPANY, Salt Lake City. The latter will continue its other functions, including investment trust, mortgage, insurance and real estate departments.

The consolidated bank will have deposits of about \$125 million and capital of more than \$8 million. With its affiliate, the First Security Bank of Idaho, it will be the largest banking group in the northwestern states between the Missouri River and the Pacific Coast.

Announcement of the plan was made by GEORGE S. ECCLES of Ogden, president of the First Security Corporation and First Security Bank of Utah; FRED E. SMITH, president of First Security Trust Company; and CHARLES L. SMITH, president of the First National Bank of Salt Lake City. Principal operating offices will be in Ogden and Salt Lake City.

CHARLES L. SMITH, the announcement said, will be chairman of the board, and Mr. ECCLES will be president.

The consolidation was undertaken "to provide a bank large enough to take care of rapidly growing credit needs in the area, brought about by industrial development."

Operating under the First Security Corporation system will be the First Security Bank of Utah with 14 offices, the First Security Trust Company, the



SALT LAKE TRIBUNE  
Mr. Eccles and Charles L. Smith discussing the consolidation

First Security Bank of Idaho with 23 offices and the First Security Bank of Rock Springs, Wyoming, a total of 39 banking offices. A new branch in Salt Lake City will be housed with the First Security Trust to take over the latter's deposit business. It is also planned to open another branch in Ogden.

## Merger in New York

MERGER of BANK OF NEW YORK, oldest bank in America using its original name, and FIFTH AVENUE BANK OF NEW YORK has been approved by directors and stockholders. The new institution is known as BANK OF NEW YORK AND FIFTH AVENUE BANK.

The chairman and chief executive officer is JOHN C. TRAPHAGEN, who was president of Bank of New York. JOHN I. DOWNEY, president of the Fifth Avenue, is vice-chairman and directing head of the Fifth Avenue office of the combined banks; and ALBERT C. SIMMONDS, JR., who had been vice-president of Bank of New York, is president.

Left to right: Mr. Traphagen, Mr. Downey and Mr. Simmonds



The bank, which has total resources of approximately \$450 million, operates under the charter of Bank of New York, established in 1784 with Alexander Hamilton as a director. The Fifth Avenue Bank dates back to 1875. The merger was on an exchange of stock basis.

Mr. TRAPHAGEN became president of Bank of New York in 1931. He is a director of many corporations and a trustee of Stevens Institute of Technology, Rockefeller Institute for Medical Research, and the Y.W.C.A.

Mr. DOWNEY, a Yale graduate, came to the Fifth Avenue in 1941 from Bankers Trust Company of New York where he was a vice-president.

Mr. SIMMONDS, an alumnus of Vanderbilt University and the Harvard School of Business Administration, joined the Bank of New York staff in 1930 after several years with the Texas and Pacific Railway. He is on the faculty of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University.

## 50 Years with Same Bank

VICE-PRESIDENT WILLIAM S. JOHNSON recently celebrated his 50th anniversary with the Land Title Bank and Trust Company of Philadelphia.

After graduating from a Philadelphia business school in 1897 Mr. JOHNSON went job hunting. He worked for a stationer several months and then moved (CONTINUED ON PAGE 100)



BANKING



# YOUR Bank Has Particular Collection Needs

*The New York Trust Company accurately adapts its 24-hour collection service, with direct sending by high-speed air and rail transit, to each correspondent bank's actual needs.*

Each bank's business is different. The New York Trust Company realizes this.

There is a unique flexibility in its modern facilities, which include every type of recognized banking service, with top-ranking connections, nation-wide and world-wide.

## THE NEW YORK TRUST COMPANY

100 Broadway

Madison Avenue and 40th Street

Ten Rockefeller Plaza

*Member of Federal Deposit Insurance Corporation*



Commercial Banking  
and Loans

Foreign Banking

Executor and Trustee  
Services

Investment Review  
Accounts

Custody Accounts

Corporate Trusteeships  
and Agencies

(CONTINUED FROM PAGE 98)

to Land Title on April 1, 1898, as an assistant to the receiving teller at \$25 a month. He was promoted successively to bookkeeper, auditor, general ledger bookkeeper, assistant treasurer, treasurer, and then to a vice-presidency.

Although eligible to retire on a pension Mr. JOHNSON is remaining in active service at the request of the bank's board of directors. On his half-century day he received a watch from the bank.

### South Texas Commercial

**H**ARRIS McASHAN, whose family has been in the banking business in



Mr. Johnson, left, receives a watch from President P. C. Madeira, Jr.

Houston for more than 80 years, is the new president of the South Texas

Commercial National Bank of that city. He succeeds SAM R. LAWDER, who retired because of ill health but remains as a director.

Mr. McASHAN, with the bank for more than 10 years and until recently a vice-president, is a grandson of S. M. McASHAN, a Houston banker in the 1860's. His grandfather, J. E. McASHAN, in 1890 helped organize the South Texas National which merged with the Commercial National in 1912, and his father, the late S. M. McASHAN, was president of the South Texas Commercial for many years.

PAUL L. ROUNSAVILLE has joined the staff as vice-president in the correspondent bank division. He recently resigned as an assistant vice-president of the City National Bank of Houston.

### "Banker, Get Your Gun!"

**U**NDER that title, an article in the April issue of the *Bulletin* of the American Institute of Banking suggests the organization of rifle and pistol clubs as a recreational activity for bank employees.

The author, GEORGE J. KUCH of the National Rifle Association, tells how to organize a club and offers as examples the well-established groups at the Chase National Bank of New York and the First National Bank of Minneapolis. The Chase club was formed in 1933 under the guidance of its present chairman, HARRY POPE, and now has more than 100 members. It shoots on a permanent range in the basement of one of the bank's warehouses.

The club supplements weekly practice with competition for National Rifle Association medals and certificates. Its teams fire regularly in the Bankers Athletic League Pistol Tournament and in other meets. Men and women employees of the Chase representing many departments of the bank are members.

JOHN A. SEAL, secretary of the shooters' organization, which is a branch of the Chase Bank Club, told Mr. KUCH that this recreational activity promotes "good sportsmanship at its best, combined with an educational knowledge of firearms and ballistics."

The Minneapolis bank club, formed in 1937, has a range in the bank's sub-basement. Matches are fired with other local clubs, and there are many intra-club programs, with departments of the bank competing against each other for prizes.

Members of the guard department, reports Mr. KUCH, have developed outstanding ability as pistol shots. GLENN A. PHILLIPS has won a state

## They wouldn't take Ashes for an Answer



The year 1948, Centennial of the Discovery of Gold in California, also marks the Centennial of a Spirit, unconquerable, persevering, that built the West. Commemorating this Spirit, heritage of the early day Volunteer Fire Brigades for

which it is named, Fireman's Fund has published "*They Wouldn't Take Ashes For an Answer*" by David Warren Ryder. Send for your copy... one for the bank library too. Or ask any "Hometown Agent"—there are over 11,000 throughout America representing Fireman's Fund.

**STRENGTH • PERMANENCE • STABILITY**

*Fire • Automobile • Marine • Commercial • Fidelity • Surety*

## FIREMAN'S FUND GROUP

FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE  
INSURANCE COMPANY

WESTERN NATIONAL  
INSURANCE COMPANY

FIREMAN'S FUND  
DEPARTMENT COMPANY

WESTERN NATIONAL  
DEPARTMENT COMPANY

SAN FRANCISCO • NEW YORK • CHICAGO • BOSTON • ATLANTA • LOS ANGELES

championship and was on a two-man team that set a national record. The department's pistol team has twice won the state team championship.

"We feel that this club is a real asset to the First National Bank," says H. E. McCLARD, head of the guard department. "It provides a means by which our bank police get the proper training in the use and care of firearms. The general purpose is the encouragement of organized rifle and pistol shooting among all interested employees, to promote a better knowledge of the proper care and safe handling of firearms, and to enjoy competitive shooting among ourselves and with other clubs."

Most Federal Reserve banks, Mr. KUCH points out, have ranges in their buildings. Some have established clubs.

A minimum of 10 citizens of the United States may form a club, he explains. Previous shooting experience is unnecessary. The National Rifle Association, whose address is 1600 Rhode Island Avenue N. W., Washington, D. C., has instruction manuals and films, and will provide complete information on the forming of a club.

ROBERT D. KERR, vice-president of the First National Bank in St. Louis, has been elected president of the Bankers' Instalment Credit Association of Greater St. Louis.

W. RANDOLPH BURGESS, chairman of the executive committee of the National City Bank of New York, was recently made a director of the Union Pacific Railroad Company.

Vice-president T. E. IVEY, JR., has completed 40 years of service with the California Bank. Starting as a messenger in 1908, he is now a director and a member of the executive committee.

WILLIAM H. BRYCE of Memphis has been named a Class C director and deputy chairman of the board of the Federal Reserve Bank of St. Louis, succeeding DOUGLAS W. BROOKS, also of Memphis, whose term expired last December. Mr. BRYCE is vice-president of the Dixie Wax Paper Company.

Mr. Ivey



Mr. Bryce



May 1948

## THEY ASK US...

When our correspondent banks want complete, up-to-the-minute information on local business and industry in New York State, they just ask us for it. Our affiliation with other Marine Midland banks operating in 47 key Empire State communities enables us to provide it.

Member Federal Deposit Insurance  
Corporation



## MARINE TRUST COMPANY

*Buffalo's Oldest and Largest Commercial Bank*

## COLOMBIA

### Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 35-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

## BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$8,184,937.—Pesos Colombian

Reserves: \$8,938,693.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.



A 55-voice chorus, composed of officers and employees of the Lincoln Rochester Trust Company, Rochester, New York, was heard in several public concerts and radio broadcasts during the past season. One of its appearances was at the annual banquet of Rochester Chapter, American Institute of Banking

## Georgia Crop Yields Set All-Time High

LAST year tobacco, corn and wheat average yields per acre set new highs for the state. Total agricultural production was valued at \$466,491,000, an increase of 11% over the previous year.

We are proud to have a part in the development of new farming methods and in the financing of Georgia's agricultural progress. Each succeeding year brings greater prosperity to the state, to us, and to our correspondent banks.

WE INVITE YOU TO JOIN OUR GROUP



*The* **Fulton** **NATIONAL BANK**  
COMPLETE SERVICE AT 5 OFFICES IN METROPOLITAN AREA OF ATLANTA

MEMBER FEDERAL RESERVE SYSTEM  
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

**Banks and Bankers** will find this institution especially well equipped to handle their Chicago accounts. Our complete facilities are at the disposal of all in need of this service.

## CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)



ARTHUR T. LEONARD, senior vice-president of City National Bank and Trust Company, Chicago, is the new president of the Corporate Fiduciaries Association of Chicago. He succeeds CHARLES J. ROUBIK, vice-president of the Harris Trust and Savings Bank. Other officers are: Secretary, WILLIAM P. WISEMAN, vice-president of Chicago Title and Trust Company; secretary-treasurer, LOUIS W. FISCHER, vice-president of American National Bank and Trust Company.

HERBERT H. DAWSON, recently appointed vice-president of the Colonial Trust Company, New York, in charge of personal loan and consumer credit activities, is a former vice-president of Commercial Credit Corporation. He was also with CIT Corporation for several years.

## Banker Mineralogist

ABOUT 15 years ago V. C. WRIGHT, president of the Piggott (Arkansas) State Bank, became interested in the natural resources of Arkansas and the possibility of their development. He decided to do something about it.

He visited every county in the state in quest of minerals and has succeeded in uncovering many of the more important kinds of deposits. These have been classified, and samples placed in the Piggott Public Library where they can be seen and studied. The banker has lectured before student and other groups interested in mineralogy.

An incident indicates the practical value of his interest. A man brought Mr. WRIGHT a piece of ore which he could not identify. The banker told him not only what it was, but where to get in touch with a company that was looking for just such a mineral. It appears now that the company will be mining the man's ore in the near future.

When Mr. WRIGHT began his travels over Arkansas he discovered vast areas of minerals almost untouched and unknown. Most of his collecting was done in the Summer and the task of finding the deposits was not easy; the trips were hot, dusty and disagreeable. Some of the more important specimens were imbedded in large rocks which Mr. WRIGHT had to break with a sledge hammer so he could get at the deposits. Many were located off main highways and it often required much walking and mountain climbing to obtain the best samples.

He still is not satisfied, and plans to continue until he has unearthed every type of mineral in the state.



## On the Job Record?

AMONG the 10 employees recently retired by State-Planters Bank and Trust Company of Richmond, Virginia, was RICHARD TOMPKINS, a porter. He left behind him a record of not missing a day in his 30 years of service.

The former staff members who are now taking things easy had an aggregate employment record of 264 years. The veteran of the group was G. HOWARD REDD, purchasing, 47 years. Others were Miss PATTIE LACY, secretary, 40 years; P. W. WHITNEY, 28 years; JOSEPH J. JENNINGS, building superintendent, 23 years; JOHN GRAVES, porter, 22 years; and W. L. OSBORNE, general ledger bookkeeper, 18 years. WILLIAM C. DICK and P. M. WINECOFF, guards, and W. L. ANDREWS, carpenter, were with the bank for shorter periods.

## New Branches

THE INDIANA NATIONAL BANK of Indianapolis has opened its second branch in that city.

The CHASE NATIONAL BANK of New York now has a branch in Heidelberg, Germany.

The UPPER DARBY (Pennsylvania) NATIONAL BANK has opened a Drexel Hill office.

The BAYSIDE NATIONAL BANK of New York is building a new branch in Queens Borough. It will have the first drive-in facilities within the borders of the metropolis.

ARTHUR L. WORTHINGTON, of the European District department, National City Bank of New York, took a two weeks' course at the School of Advanced International Studies, Washington, D. C. He attended under auspices of the National City Foundation.

GARY (Indiana) NATIONAL BANK celebrated its 40th anniversary by placing in the lobby a huge birthday cake, made by a local baker.

HENRY L. GILPIN has been elected chairman of the board of The Union and New Haven (Connecticut) Trust Company. Formerly vice-chairman, Mr. GILPIN entered the banking business more than 45 years ago as a part-time runner at the First National Bank during college vacations.

WILLIAM A. ELDRIDGE, vice-president of Central Hanover Bank and Trust Company, is the new president of the Corporate Fiduciaries Association of New York City.

Retired employees of State-Planters Bank & Trust Co. L. to r.: John Graves, W. L. Andrews, P. W. Whitney, P. M. Winecoff, J. J. Jennings, G. H. Redd, Richard Tompkins; seated, Miss Pattie Lacy. W. C. Dick and W. L. Osborne were absent when photo was taken



HENRY FISCHER, formerly assistant manager, has been made manager of the Cleveland Trust Company's foreign

department. He replaces PAUL E. GODKNECHT who left the bank to enter business in New York.



## ARE YOU LOOKING TOWARDS PERU . . . ?

The promotion of Peruvian foreign trade has been one of the main objects of our bank ever since its foundation over 59 years ago. If you are interested in doing business in Peru a letter addressed to us will assure you our friendly co-operation.

## BANCO DE CREDITO DEL PERU

Head Office - - LIMA

49 Branches Throughout the Country

CAPITAL - S/.22,000,000.00

SURPLUS - S/.41,207,828.47

"Peru's Oldest National Commercial Bank"

## Your active partner in Washington

TODAY, more than ever, a Washington correspondent can be most helpful. Specifically, a correspondent such as American Security that offers strong local (and national) contacts . . . extensive resources . . . personal attention to account details by cooperative, experienced officers.

Make American Security your active partner in the nation's capital.



Daniel W. Bell, President

**American Security & TRUST COMPANY**  
WASHINGTON, D. C.  
Member Federal Deposit Insurance Corporation  
Federal Reserve System

Vice-president **WILLIAM B. WALKER** of the First National Bank of Philadelphia has been made a director.

**EDWARD P. PEDLOWE**, formerly executive vice-president of the Port Chester (New York) Savings Bank, has been elected president. He is a former senior examiner in the New York State Banking Department. **DENNIS A. MCKAY** is chairman of the bank's board, a new office.

**HOOPER S. MILES**, Maryland state treasurer, has been elected chairman of the board of the Baltimore National Bank. He succeeds **HOWARD BRUCE**



Mr. Walker



Mr. Pedlowe

who was made vice-chairman because of his desire to be relieved of the pressure of work incident to his former position. Mr. MILES had been executive vice-president of the bank since 1937.

**LOUIS S. ZIMMERMAN** has retired as

senior vice-president of Maryland Trust Company, Baltimore, after 54 years in the bank's service.

**LAWRENCE N. MURRAY**, president of Mellon National Bank and Trust Company, Pittsburgh, is now financial advisor to Lieutenant-General Geoffrey Keyes, commander of the United States Forces, Austria.

**J. STEWART BAKER**, chairman of the Bank of the Manhattan Company, has been chosen treasurer of the Greater New York Fund for the 1948 campaign. He succeeds **WILLIAM C. GRAY, JR.**, president of the Central Hanover Bank and Trust Company. The Fund, whose president is **HENRY C. BRUNIE**, president of the Empire Trust Company, will seek to raise business's share of \$41 million in contributions for New York's hospitals and welfare agencies.

**CARL F. WENTE**, senior vice-president of Bank of America, has been elected president of the San Francisco Clearing House Association. **ALLARD A. CALKINS**, president of The Anglo California National Bank of San Francisco, is vice-president.

**LAUDER W. HODGES**, formerly executive manager of the California Bankers Association, and now an attorney in Los Angeles, has been elected to the board of the Pasadena-First National Bank. Mr. HODGES was at one time on the legal staff of the Federal Reserve Bank of San Francisco.

**CORCORAN THOM, JR.**, vice-president of the Riggs National Bank, Washington, D. C., is the new treasurer of the Corcoran Art Gallery, succeeding **ROBERT V. FLEMING**, the bank's chairman and president, who had been treasurer of the Gallery since 1922. Mr. THOM, a great grand-nephew of **WILLIAM W. CORCORAN**, the Gallery's founder, is the son of the president of its board of directors.

**WORD H. WOOD**, a founder of the American Trust Company of Charlotte, North Carolina, and actively identified with it for more than 46 years, is now honorary chairman of the board. Mr. WOOD was president of the bank for 26 years before being made chairman. **JULIAN J. CLARK** has been elected vice-president and assistant secretary.

**CARROLL F. BURTON** has been elected a vice-president and territorial officer of the First National Bank in St. Louis  
(CONTINUED ON PAGE 106)

# FIRST NATIONAL BANK

IN ST. LOUIS



**St. Louis' Largest Bank**

**COMPLETE  
CORRESPONDENT  
FACILITIES**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

these **NEW** commercial signature cards  
carry a **SPECIFIC CONTRACT\***

\*American Bankers Association approved contract.

TO YOUR BANK OR TRUST COMPANY

You are authorized to sign any of the signatures subscribed below in the payment of funds or the transaction of any business for this account. It is agreed that all transactions between you and the undersigned shall be governed by the contract printed on the reverse side of this card.

NAME: JOHN DOE

SIGNATURE: [Signature]

DATE: [Blank]

SIGNATURE AUTHORITY: [Blank]

ACCOUNT OPENED BY: [Blank]

INITIAL DEPOSIT: [Blank]

DATE OPENED: [Blank]

ADDRESSES: [Blank]

REMITTANCE BANK INC. PRINTED IN U.S.A.

KARDEX VISIBLE DIVISION

ITEM #10

TO

You are authorized to sign any of the signatures subscribed below in the payment of funds or the transaction of any business for this account. It is agreed that all transactions between you and the undersigned shall be governed by the contract printed on the reverse side of this card.

NAME: [Blank]

SIGNATURE: [Blank]

DATE: [Blank]

SIGNATURE AUTHORITY: [Blank]

ACCOUNT OPENED BY: [Blank]

INITIAL DEPOSIT: [Blank]

DATE OPENED: [Blank]

ADDRESSES: [Blank]

TAYLOR, M. J.

TAYLOR, Alston D. or Winifred B.

TAYLOR, Boyd (Trustee)

TAYLOR, Clara H.

TAYLOR, Dan J.

TAYLOR & EASTON (Trustees)

TAYLOR, Edwin Byrne

TAYLOR, Elmer B. (Mr or Mrs)

TAYLOR, Elsie B. (Bldg Acct)

## DO YOURS?

The wording on commercial signature cards used by many banks today—perhaps *yours*—may not constitute a real contract. Many intended “contracts,” in the opinion of counsel, are in actuality merely non-binding printed statements. Unless your signature cards have been recently revised they may be dangerously outmoded. *Now* is the time to ascertain their true value.

The modern commercial signature cards illustrated here cover all requirements of positive signature control. Incorporated in each card is the new, A B A approved contract formula that will stand up as a bona fide contract between your bank and its depositors. These cards are printed in four classifications—Individual, Partnership, Firm—Corporation—Joint Account—Power of Attorney—each in its own distinctive color assuring instant identification. They are now available as stock items in standard 5x3” and 6x4” sizes.

Make sure your signature cards afford the protection intended. Find out how simply you can secure new depositors’ signatures through an easy-to-use Remington Rand mailing plan—without disturbing public relations. For further information about this plan and for free samples of the new signature cards, write Systems Division, 315 Fourth Avenue, New York 10, N. Y.

Faster service to customers and positive signature verification are assured when cards are visibly indexed. Kardex slides give tellers and bookkeepers swift access to authorized signatures while brightly colored signals in the visible margin of individual account “pockets” highlight any special conditions for in-

stant recognition. Standard signature cards are conveniently housed in Kardex pockets. Positive control title inserts provide an automatic “out” signal when cards are removed for reference—a further time-saving feature of this modern, efficient signature card control system.

**Remington Rand**  
THE FIRST NAME IN BUSINESS SYSTEMS

(CONTINUED FROM PAGE 104)

and will represent the bank in several southern states. He was formerly with the National Stock Yards National Bank, National City, Illinois, and the United Bank & Trust Company of St. Louis.

D. M. BARNETT, formerly executive vice-president of the Barnett National Bank, Jacksonville, Florida, has been elected vice-chairman of the board. FRANK W. NORRIS was promoted to the executive vice-presidency and P. L. WALTON to the cashiership.

A. E. BRADSHAW, president of the National Bank of Tulsa, is vice-

chairman of the National Legislation Committee of the Tulsa Chamber of Commerce.

A. J. BAXTER, president of Frenchman Valley Bank, Palisade, Nebraska, has completed 30 years of service with the bank. On his anniversary, which came on a Sunday, Mr. BAXTER was visited at his home by a large delegation of friends, including employees of his bank and of the National Bank of Commerce, Lincoln.

LLOYD B. HATCHER, New York representative of the investment department of the Trust Company of Georgia,



Mr. Hatcher



Mr. Galland

Atlanta, has been elected a vice-president.

LOUIS G. GALLAND, until recently executive secretary of the Arizona Farmers Production Credit Association and the Phoenix National Farm Loan Association, has joined the staff of the Valley National Bank, Phoenix, as a vice-president. He is in charge of agricultural and livestock loans.

J. E. MCKINNEY, vice-president and director of The Fort Worth National Bank, has been elected a member of the Association of Reserve City Bankers. Mr. MCKINNEY is also president of the West Side State Bank of Fort Worth and a director of the Riverside State Bank in that city.

JOHN T. MCCALL, attorney and faculty member of the Cumberland University School of Law, has been made trust officer of the Nashville Trust Company. A colonel in the Officers Reserve Corps, Mr. MCCALL was in the AAF intelligence division during the last war, serving as chief of its training plans section.

VICTOR H. ROSETTI, president of the Farmers and Merchants National Bank of Los Angeles, received the watch awarded annually by the city's real estate board to the person adjudged to have performed services most useful to the community in the past year. Mr. ROSETTI was particularly commended for his efforts on behalf of the Community Chest, Metropolitan Water District, and Greater Los Angeles Plans.

GEORGE M. WALLACE, chairman of the board, Security-First National Bank of Los Angeles, is the new president of the Los Angeles Clearing House Association. BEN R. MYER, president, Union Bank & Trust Company, succeeds Mr. WALLACE in the association's vice-presidency.

CLARENCE G. MICHALIS, president of The Seamen's Bank for Savings, New York, has been elected treasurer of the Savings Banks Association of the State of New York.

## STATEMENT OF CONDITION

At the Close of Business April 12, 1948

### RESOURCES

Loans and Discounts	\$ 46,468,040.67
U. S. Government Securities	62,950,701.44
State, County and Municipal Securities	10,358,031.80
Other Investment Securities	1,225,154.52
Stock in Federal Reserve Bank	300,000.00
Overdrafts	4,617.86
Customers' Drive-in — Facility, Bank Vault, Furniture and Fixtures	382,683.33
Other Real Estate	4.26
Customers' Liability Account — Letters of Credit Issued	261,046.50
Cash and Due from Banks	54,574,241.03
	<b>\$176,524,521.41</b>

### LIABILITIES

Capital Stock	
Common	\$5,000,000.00
Surplus	5,000,000.00
Undivided Profits	5,680,100.07
	<b>\$ 15,680,100.07</b>
Reserve for Taxes, Employees' Pension Account, etc.	1,152,770.00
Liability Account — Letters of Credit Guaranteed	261,046.50
Deposits	159,430,604.84
	<b>\$176,524,521.41</b>

Member Federal Deposit Insurance Corporation

OF OKLAHOMA CITY





# LAWRENCE WAREHOUSE COMPANY

## NATIONWIDE FIELD WAREHOUSING

Lawrence service has become important to bankers as a financing vehicle for safe, profitable loans. Our strong financial position is reflected in the statement below. Lawrence is the largest and most experienced organization conducting nationwide field warehouse operations.

### *Annual Report as of December 31, 1947*

#### SAN FRANCISCO

#### LOS ANGELES

#### PORTLAND

#### SEATTLE

#### SPOKANE

#### STOCKTON

#### FRESNO

#### PHOENIX

#### CHICAGO

#### HOUSTON

#### DALLAS

#### NEW ORLEANS

#### DENVER

#### KANSAS CITY

#### ST. LOUIS

#### CLEVELAND

#### CINCINNATI

#### NEW YORK

#### BUFFALO

#### BOSTON

#### PHILADELPHIA

#### PITTSBURGH

#### ATLANTA

#### JACKSONVILLE

#### CHARLOTTE

#### WASHINGTON, D. C.

#### MANILA, P. I.

#### ASSETS

CASH IN BANKS AND ON HAND . . . . .	\$ 171,979.37
ACCOUNTS AND NOTES RECEIVABLE . . . . .	1,666,144.28
DEPOSITS WITH INSURANCE COMPANIES . . . . .	21,426.99
<b>TOTAL CURRENT ASSETS . . . . .</b>	<b>\$1,859,550.64</b>
WAREHOUSE AND OFFICE EQUIPMENT . . . . .	115,214.23
Cost . . . . .	\$255,834.12
Less Reserve for Depreciation . . . . .	140,619.89
DEFERRED CHARGES TO FUTURE OPERATIONS . . . . .	197,961.22
Prepaid Insurance . . . . .	\$ 44,742.96
Inventory of Supplies . . . . .	46,374.67
Improvements to Leased Property . . . . .	76,597.12
Other Prepaid Expenses . . . . .	30,246.47
<b>TOTAL ASSETS . . . . .</b>	<b><u>\$2,172,726.09</u></b>

#### LIABILITIES AND CAPITAL

ACCOUNTS PAYABLE . . . . .	\$ 224,881.83
NOTES PAYABLE TO BANKS . . . . .	455,000.00
ACCRUED TAXES—NOT DUE . . . . .	414,136.83
Income Tax Withheld from Employees . . . . .	\$157,628.71
Social Security Taxes . . . . .	102,783.14
Federal Taxes on 1947 Income . . . . .	149,389.46
Other Federal, State and Local Taxes . . . . .	4,335.52
<b>TOTAL LIABILITIES . . . . .</b>	<b>\$1,094,018.66</b>
CAPITAL STOCK—AT STATED VALUE . . . . .	573,745.00
Preferred Stock—8009 shares— \$25.00 Par Value . . . . .	\$200,225.00
Common Stock—25,784 shares— No Par Value . . . . .	373,520.00
SURPLUS . . . . .	504,962.43
Paid-in Surplus . . . . .	\$ 4,053.20
Earned Surplus . . . . .	500,909.23
<b>TOTAL LIABILITIES AND CAPITAL . . . . .</b>	<b><u>\$2,172,726.09</u></b>

# Keeping Dust off Textbooks

(CONTINUED FROM PAGE 45)

## Periodicals at Harvard

Edmund W. Pugh, Jr., assistant dean of the Graduate School of Business Administration, Harvard University, says: "There are very few, if any, newspapers and periodicals having any relation to the field of business that are not available to our students in Baker Library.

"In our first year of instruction in the regular two-year program, the main emphasis is placed on mastering the case method of instruction, and integrating the various elements that make up good business. Even during this period, however, our students are encouraged to subscribe to newspapers with high quality business information included in them, and to other periodicals pertaining to business. During the second year, most of the courses require a considerable amount of 'library work,' including a great deal of reference to newspapers and periodicals. In fact, some of the courses require the men to subscribe to certain newspapers and periodicals that are germane to the program of instruction. I am sure that the majority of our faculty would agree that it is essential for teaching good business administration that students be trained to make the best use of good newspapers and business periodicals, not only to supplement the other work in the school, but also to develop good habit patterns for the rest of their business career."

## Classes Subscribe

"We have scores of leading newspapers and periodicals on the shelves of our library reading room for the use of students. We like to think that we don't omit many outstanding ones," says J. C. Clendenin, associate professor of Finance, Department of Business Administration, University of California.

"We assign periodical articles to the smaller advanced classes, and we cite current news and articles to all classes. In some courses—for example, my course in Investments—we have the entire class subscribe to a periodical and use it as an auxiliary textbook.

"We cannot make our teaching of economics and finance interesting without keeping our illustrations current and practical. Newspapers and periodicals are invaluable for this purpose. However, they are ordinarily used only as supplements, for we do have a big

primary job in presenting an organized description of fundamentals, in most courses. This requires concentration on a textbook and systematic lectures, and limits the time available for current articles.

"Most of us attempt to develop techniques designed to interest students in the current application of the theories they are learning. For example, in my section of the Theory of Money and Banking we constantly emphasize policy matters, such as the wisdom of term loans, the desirability of Mr. Eccles' proposed special secondary reserves, the soundness of present support levels for government bonds. I cite and read excerpts from articles on such subjects, and usually have each student write a term paper expressing his views on a series of controversial matters. You would be gratified at the extent of current reading which these papers display."

## Frequent Assignments in Publications

Horace B. Brown, Jr., dean of the School of Commerce and Business Administration, University of Mississippi, says: "Students in our School of Commerce and Business Administration are given frequent assignments in *BANKING*, *The Southern Banker*, *The Financial and Commercial Chronicle*, *The Wall Street Journal*, *The Magazine of Wall Street*, *The Banker and the Financier*, *Barons*, *Credit and Financial Management*, *Dunn's Review*, *Federal Home Loan Bank Review*, *Federal Reserve Bulletin* and many others. Literature of this type is used constantly in the teaching of many of our classes.

"I consider this combination of the study of theory and current practice to be necessary for effective teaching."

B. H. Beckhart, professor of Banking,

School of Business, Columbia University, says: "In all of our courses we do, of course, refer students to appropriate materials in newspapers and periodicals. Our library subscribes to some 800 newspapers and periodicals, many from foreign countries. We endeavor to rely on such materials to the greatest possible extent."

## More and More Useful in Economics Teaching

"We have practically all of the periodicals published in the United States available in our library," says R. M. Nolen, associate professor of Economics, College of Commerce and Business Administration, University of Illinois. "We keep available to the students in our own commerce library; the *New York Times*, the *New York Journal of Commerce*, *Chicago Tribune*, *Chicago Sun*, and the *Chicago Journal of Commerce*, and *Commercial and Financial Chronicle*. We also keep in our commerce library the *Federal Reserve Bulletin*, the Federal Reserve reports, Treasury reports, Commerce Department reports, Moody's, Prentice Hall Services in all lines, and the business and advisory services of several of the outstanding organizations.

"I believe that we are using the newspapers and the other publications more and more in our economic teaching. The current material certainly adds interest for the student and I believe is giving him a more practical and hence, a more usable, understanding of economics and business.

"We have difficulty in interesting the poor student even in his textbooks, but we find the average and the better students are interested in the theory and practice of economics and business."

A. B. Wright, dean, School of Business  
(CONTINUED ON PAGE 110)

At the Harvard Graduate School of Business Administration, the group discussion of cases is encouraged





CHARTER NO. 64

# First Wisconsin National Bank of Milwaukee

*Statement of Condition as of April 12th, 1948*

## Directors

WILLIAM G. BRUMDER  
Vice President

WILLIAM MERRILL CHESTER  
President-Treasurer,  
T. A. Chapman Company

E. J. DEMPSEY  
Attorney, Oshkosh

WALTER GEIST  
President,  
Allis-Chalmers Mfg. Co.

JOSEPH F. HEIL  
President, The Heil Co.

WALTER V. JOHNSTON  
Industrialist

WALTER KASTEN  
President

GEORGE E. LONG  
President, Koehring Co.

ERNST MAHLER  
Executive Vice President,  
Kimberly-Clark Corp.

ROBERT E. PABST

CYRUS L. PHILIPP  
President,  
Union Refrigerator Transit Co.

HAROLD H. SEAMAN  
Industrialist

LAWRENCE F. SEYBOLD  
Executive Vice President,  
Wisconsin Electric Power Co.

WM. TAYLOR  
Executive Vice President

CHARLES O. THOMAS  
President,  
Pal-O-Pak Insulation Co.

ERWIN C. UHLEIN  
President,  
Jos. Schlitz Brewing Co.

JOSEPH E. UHLEIN  
Banker

JOSEPH E. UHLEIN, JR.  
President, Glenogle Co.

ROBERT A. UHLEIN  
Banker

ROBERT A. UHLEIN, JR.  
Jos. Schlitz Brewing Co.

WILLIAM D. VOGEL  
Real Estate and Investments

## RESOURCES

Cash and Due from Banks.....	\$156,452,170.03	
U. S. Government Securities.....	288,460,479.43	444,912,649.46
Other Bonds and Securities.....		15,195,799.70
Stock in Federal Reserve Bank.....		600,000.00
Loans and Discounts.....		92,872,998.76
Accrued Income Receivable.....		1,446,565.41
Bank Buildings.....		3,309,324.84
Other Resources.....		1,089,048.06
		<u>\$559,426,386.23</u>

## LIABILITIES

Capital.....	\$10,000,000.00	
Surplus.....	10,000,000.00	
Undivided Profits.....	7,343,823.62	
Special Reserves (includes amount sufficient to amortize U. S. Government and all other securities to par).....	7,927,836.08	35,271,659.70
Reserves for Interest, Expenses, Etc.....		1,395,248.33
Deposits.....	512,569,800.46	
War Loan Deposit Account.....	9,732,442.53	522,302,242.99
Other Liabilities.....		457,235.21
		<u>\$559,426,386.23</u>

President, WALTER KASTEN

Executive Vice President, WM. TAYLOR

## Vice Presidents

WILLIAM G. BRUMDER	CARL M. FLORA	JOHN S. OWEN
EDWIN BUCHANAN	PIERRE N. HAUSER	CHESTER D. RANEY
GEORGE T. CAMPBELL	WILLIAM J. KLUMB	JOSEPH W. SIMPSON, JR.
EDWARD R. DROPPERS	JOSEPH U. LADEMAN	ROY L. STONE
	EDWIN R. ORMSBY	

Cashier, A. G. CASPER

Comptroller, CLARENCE H. LICHTFELDT

## UNPARALLELED STATEWIDE SERVICE

Through affiliated banks and correspondent bank relationships — embracing over 90 per cent of all banks in Wisconsin — the First Wisconsin offers unparalleled statewide banking service.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 108)

ness Administration, Duquesne University, says: "We have quite a variety of business publications for the use of our students. Examples are *Commercial and Financial Chronicle*, *Wall Street Journal* and *Business Week*.

"Second, our instructors supplement classroom instruction by the liberal use of business publications.

"Third, the teaching of business subjects is definitely made more interesting and practical through regular assignments in business newspapers and magazines."

## "... For Many Years"

"I'll not attempt to give you the very comprehensive list of newspapers and periodicals which are available to students in our main library," says Francis H. Bird, dean, College of Business Administration, University of Cincinnati, "but I will give you a list in our specialized business administration library which is a branch of our main library. [He enclosed a list of 113 publications.]

"We have been following this method of instruction for many years. We combine classroom instruction with the reading of newspapers and business publications. What is more, our stu-

dents have an unusual opportunity to observe how principles work out in everyday business life. They alternate periods of instruction in the classroom with periods of work in many different kinds of business enterprises, not only in Cincinnati but in other midwestern cities. For a number of years we have required our seniors to subscribe to the Sunday edition of the *New York Times*."

James B. Trant, dean of the College of Commerce, Louisiana State University and Agricultural and Mechanical College, says: "We have a great many newspapers and periodicals which come to our commerce reading room. We make whatever use of them a particular course requires. Some courses would be small and others extensive. We certainly believe in keeping both principles and practices on a balanced program of management.

"During the war years, of course, we did not offer our course in Bank Management and I am not at all sure when we shall resume the course. Salaries for beginners are so high in other fields now that it has been difficult to encourage anyone to consider banking as a beginning opportunity."

## Favorably Looked Upon

George R. Esterly, dean of the School of Business Administration, Rutgers University, says: "A list of our newspapers and periodicals available in the school for the use of students would run into considerably more than 100 such publications. The publications are the general line of newspapers and magazines which you would expect to be provided to students of a school of business administration.

"Business periodicals and newspapers are widely used to supplement classroom instruction.

"This year, in at least two of our classes, publications have been used as part of the 'text' material of the course. In several Finance courses, the *Wall Street Journal* is subscribed to by each student in the class. In another class, Management 1-2, *Modern Industry* was subscribed to by each member of the class. The use of such a periodical and newspaper is indicative of the fact that we do look very favorably upon professional publications."

"Since we agree with you that students should have access to current materials," says C. C. Balderston, dean of the Wharton School of Finance and Commerce, University of Pennsylvania, "we keep over 100 current periodicals in the Lippincott Library, which is the departmental library for the Wharton School. Included is BANKING.

*Worthwhile things* Deserve The Best in Protection

**UNISON**

Each man of the crew pulls together in unison—mind and body bent in common effort. Here is the essence of teamwork.

With company and agency working together, we offer the public the best in protection.

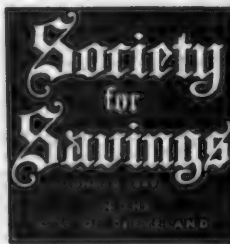


**THE London & Lancashire GROUP**

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA

*They keep on coming!*

A sure sign of a going business is repeat customers. Ours have been repeating now for five generations. They have made us the largest mutual savings bank west of the Alleghenies.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## Better Steaks

(CONTINUED FROM PAGE 65)

Bank, has been one of our directors and boosters from the beginning. He attends the show every day, always getting new converts who remain permanent boosters and supporters."

During the 12 years the Spokane show has been developing, more than 5,000 different 4-H and FFA boys and girls have entered animals. Individual entries have exceeded 10,000, from the sale of which the youths have realized over \$1 million. Fred L. Stanton, president of the Washington Trust Company of Spokane, a member of the present show board, says that the best thing about the show is that the 4-H and FFA members will never again be satisfied with mediocre animals.

In entries, the Spokane show ranks well at the top of all junior shows. But what it has done to bring better livestock—better eating meat—to the Inland Empire is its chief claim to fame. Most any housewife in the area, and certainly those who enjoy the Spokane and Eastern Get-Together Club's big picnic each August, can testify that the new generation of stockmen are adept



Eleanor Dye, Pomeroy, Washington, 4-H Club girl, with her blue ribbon Hereford steer at the 1947 Spokane Junior Show



Spokane show leaders, left to right, Messrs. Stejer, Kimbrough, Funkhouser, Barnes, (F.N.) Rothrock, and Stanton

at producing good eating beef. The Spokane and Eastern Division of the Seattle-First National Bank purchases one or more steers at each show. A packinghouse keeps the meat in storage until Vice-president Kimbrough gives the signal to one of Spokane's barbecue experts. Invitations go out to all employees, officers, and advisory boards for the Spokane Division and branches in the territory and includes the youngsters who raise the meat and their parents. Attendance has been around 400—

including families and sweethearts. It is a feed fit for a king.

During the last 12 years more than 3,000,000 pounds of meat from the Spokane show have gone out to markets of the Inland Empire. All of it carried the show's own roller brand.

The latest development in the Spokane show program is the home town preview. Each one is, in effect, a small stock show by itself. Animals fed for Spokane are displayed before the home folks.

## STATEMENT AS OF MARCH 31, 1948

### RESOURCES

Cash & Due from Banks . . . . .	\$ 70,469,744.19	
U. S. Government Securities . . . . .	103,194,388.73	
		\$173,664,132.92
State, County & Municipal Securities . . . . .	3,709,609.53	
Other Securities . . . . .	16,153,986.27	
		19,863,595.80
Demand Loans . . . . .	19,343,070.66	
Time Collateral Loans . . . . .	5,110,006.77	
Bills Discounted . . . . .	52,089,049.30	
	76,542,126.73	
*Less Reserve . . . . .	669,442.31	
		75,872,684.42
Banking Houses . . . . .	2,643,302.13	
Customers' Liability under Acceptance . . . . .	2,011,462.05	
Accrued Interest Receivable . . . . .	622,432.66	
Other Resources . . . . .	168,046.92	
		\$274,845,656.90

### LIABILITIES

Deposits . . . . .	\$250,135,914.69	
(Includes United States Deposits \$2,083,231.37)		
Unearned Discount . . . . .	1,048,314.33	
*Accrued Taxes, Interest, etc. . . . .	599,230.32	
Reserve for Dividend Payable April 1, 1948 . . . . .	142,187.50	
Acceptances Executed . . . . .	\$2,975,239.33	
Less: Acceptances Held in Portfolio . . . . .	720,070.29	
		2,255,169.04
Capital Stock . . . . .	\$5,687,500.00	
(par \$20.00)		
Surplus . . . . .	10,312,500.00	16,000,000.00
*Undivided Profits . . . . .	2,237,724.15	
		18,237,724.15
*Reserves . . . . .		2,427,116.87
		\$274,845,656.90

\*Adjusted to provide for loan reserve pursuant to a ruling issued by the Commissioner of Internal Revenue on December 8, 1947

# CORN EXCHANGE

NATIONAL BANK AND TRUST COMPANY

PHILADELPHIA

Established 1858

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# World Business

(CONTINUED FROM PAGE 54)

of the Export-Import Bank and one of his board members. In the course of a tour of South America, World Bank President McCloy, accompanied by his public relations director and others, has visited Bogota to address one of the committee meetings. Under Mr. McCloy, the World Bank has been asking the Latin American countries in default to U. S. bondholders to clean up those situations. Also, he has expressed his lack of enthusiasm for some of the industrialization schemes so popular south of the border.

Under such pressure Chile in March finally announced a new bond service plan, which has received qualified approval in Wall Street investment circles. The first applicant for a World Bank loan, Chile, about the same time as its above-mentioned announcement, received two World Bank loans totalling \$16 million. Observers note that Chile has been Latin America's foremost opponent of Communism in recent months.

## Benefits South of the Border

Latin America will benefit greatly from this country's ECA expenditures. The entire burden of ECA has been voluntarily assumed by the United States. The Latin Americans were not consulted or asked to share the costs. "Offshore" ECA will put hundreds of millions into the bank accounts of other Western Hemisphere countries, and, if Europe recovers, Latin America will get the "triangular trade" benefits as well. Nor should the effects of U. S. stockpiling be overlooked by Latin Americans.

In anticipation of the Pan American Conference, the State Department announced its intention to ask Congress to increase the Export-Import Bank's lending powers by \$500 million for Latin America's benefit and its decision to urge the World Bank to have "a more sympathetic attitude" toward Latin America. When at Bogota the \$500 million expansion plan was formally laid before the Conference, it was greeted on the part of the assemblage by an eloquent silence. Not even the rustle of a paper disturbed the stillness. The New York Times called the event a fiasco. The U. S. delegation was obviously angered by what the United Press termed "one of the coldest and most unanimous rebuffs in the history of Pan Americanism." That this chill lack of

appreciation of the load American taxpayers have been shouldering will go entirely unnoticed in Congress is unlikely. Doubtless some will think that since the \$500 million didn't get a single handclap at Bogota, we ought to raise it by a billion or so. Ill fares the land to mendicancy a prey.

## Investment Is a Problem

American foreign traders and bankers have been no little concerned over the investment program advocated at Bogota by the Latin Americans. The National Foreign Trade Council and the Council for Inter-American Cooperation, in a public statement couched in no uncertain terms, registered their alarm on studying the draft basic agreement prepared by the Pan American Union for Bogota. That draft would have committed the U. S. in advance to make loans for Latin American economic development, while subjecting American investments to discriminatory treatment and expropriation. It emphasized the obligations and minimized the rights of private foreign investment.

At Havana, during the ITO Conference, investment also was a troublesome question. Because in recent years the practice has developed of making huge sums of dollars available to the world by Congressional appropriation, many foreign countries have become disrespectful of the interests of private investors, whose dollars they invite none the less.

ECA loans are to be handled by the Export-Import Bank, on a mechanical basis. The bank will make loans whenever it is instructed to do so. Choice of the Ex-Im for this role was a source of real disappointment in the World Bank. Both organizations had sought the assignment when the legislation was before the Congress.

Under the direction of William McC. Martin the Export-Import Bank has in the past made a strong effort to adhere to the Congressional injunction that its loans be "sound." To what extent ECA loans can be financially sound depends partly on the decisions of ECA's administrator. In the light of this country's past balance-of-payments history, little if any ECA help to other countries will ever be repaid. A gift's a gift, for a' that.

Of the four who, with the Secretary of State, comprise Ex-Im's board, Mr. Martin brought with him the most financial experience, although this was primarily in the stock exchange. Herbert Gaston, a former newspaperman, handled Secretary Morgenthau's public relations before he

Under Secretary of the Army William Draper arrives in Tokyo on a study of economic matters pertaining to occupation



EUROPEAN



WIDE WORLD

became Assistant Secretary of the Treasury in charge of enforcement matters. Clarence E. Gauss, a wartime ambassador to China and first American minister to Australia, has had a distinguished career in the foreign service. Lynn U. Stambaugh is a North Dakota lawyer who in 1941-42 headed the American Legion.

### **The Fund and the French**

Since our last writing there have been no more crises at the Fund, at least not public ones. Australia sought, and without trouble obtained, IMF consent to subsidize certain gold mines. The French "free market" in foreign exchange, lately expanded to include the Swiss franc as well as the dollar and escudo, seems not to be producing the calamitous results feared when Sir Stafford Cripps in personal protest flew to Paris. Nor is the free market setting loose French gold hoards, as the Paris Government hoped.

In an address in Washington in March, Winthrop W. Aldrich, chairman of the Chase National Bank, approved of the French policy. He said: "The recent action of France in establishing a free market in certain currencies and also a free gold market is an important and necessary step towards the establishment of more realistic rates of exchange."

European finance ministers continue to seek American dollars to make their currencies freely inter-convertible. The IMF does not meet the need, they say. A Belgian proposal, for example, would create a Western European dollar pool, using Marshall Plan dollars. Congressional disappointment with the IMF is noticeable. Chairman Jesse Wolcott, of the House Banking and Currency Committee, is quoted as saying: "If the Fund can't do better, it should be repealed."

On Capitol Hill committees continue to probe into the abuses of export licensing. Apparently the controls have been leaking badly. The Senate Small Business Committee investigators studied Commerce Department export data and found that in various cases exports exceeded total quotas for "controlled" commodities. So they asked for the export declarations and licenses and looked into a few of the more suspicious ones. What they then discovered was trafficking in licenses, forging of licenses and other export documents, and varied devious practices on the part of fly-by-night postwar foreign traders. With ECA on the books and a revived concern about national defense, tighter controls not only on exports, but as well on domestic production, distribution and transportation are likely. World traders will feel the effects in due course.

### **Europe's Opinion of Our Trade Views**

Among broader world trade problems coming before the Congress are the trade agreements program and the ITO charter laboriously drafted at London, New York, Geneva and Havana during the past two years. Since the trade agreements powers expire this Summer, the State Department is again on the anxious seat. As for the ITO charter, few in the Congress will have the time to analyze carefully that forbidding document, which 53 countries have signed but none has yet ratified. In Europe, Washington's ideas about a proper world trade system are regarded as "Nineteenth Century."

The charter, described by the State Department as "a momentous achievement" was the subject of a resolution of Representative Bertrand W. Gearhart of California which the Ways and Means Committee approved in March by a 15 to 7 vote. The resolution advised the world, and the State Department, that the President or the Department of State could not maneuver that committee into accepting all or any of the charter's provisions.

"We have secured several wills as a direct result of our advertising, and others are in the process of negotiation"

A Purse customer made this comment. It is only one of many letters attesting to the effectiveness of Purse-planned trust advertising.

A carefully planned advertising program will help you develop new business. We will be glad to submit a proposal, without obligation to you.

## **THE PURSE COMPANY**

*Headquarters for Trust Advertising*

CHATTANOOGA, TENNESSEE



## Those "New Look" Reports

THIS department's March article on "new look" annual reports has prompted other banks to send us their own modernized, humanized yearly accounting to the stockholders and general public.

The first to come in was the 1947 annual statement of THE FARMERS & MECHANICS SAVINGS BANK of Minneapolis. Illustrated with action pictures of the various departments at work, it tells the story of the bank's activities in simple terms and adds an innovation: a plan of the main banking floor. Here the reader sees the location of the executive, new accounts, service and draft departments, the mortgage department and the investment section. A notation says farm mortgages are handled "way upstairs on the third floor," while school savings are a flight up, and payroll savings in the basement.

President H. S. Kingman, in a foreword to "depositors and the citizens of Minneapolis," points out that the report dwells principally on "the human effort that produces a savings service and a home loan service."

"If you like," he says, "consider the report an expansion of the little conversation you had with your teller the last time you made a deposit."

The BANK of HERRIN, Illinois, doesn't use pictures in its report, but adds a graphic summary of its operations to

Hollywood youngsters opening school savings accounts at a branch of the Security-First National Bank. At the left is Vice-president Frank Galloway. Next to him stands Principal G. Elizabeth Johnson. Behind the counters are Ellia E. Reese, assistant manager of the branch, L. P. Weber, and John Ernst

the textual coverage of the year's work. H. A. Whittenberg, cashier, who signs the report, stresses the bank's place in the community.

Mailed with the report was a return postcard requesting the bank to send a copy of the 1948 statement when it's published.

There are, of course, two sides to every story—and the streamlined report is no exception. WESTINGHOUSE ELECTRIC CORPORATION prepared its 1947 statement in more conventional form "in accordance," said President Gwilym A. Price (a former banker, by the way) "with the expressed desire of a representative cross-section of our stockholders, who said they would prefer this to the longer, profusely illustrated and more colorful type of report which it has been our recent custom to produce.

"Since we sincerely wish to present the company's yearly record in a manner which will be most interesting and informative to all of our stockholders, I hope you will take time to write me about your own personal opinions concerning the form in which the annual report should be issued."

A card was provided by the company for an expression of the stockholder's views.

## Employee Manual

THE FIRST NATIONAL BANK of Hartford, Connecticut, has published a comprehensive manual for employees old and new. Entitled "Your Bank & You," the booklet provides information on the bank and the community; the First National's history; what the bank gives the employee and what it expects of him or her; bank policy; and a commentary, "Success: Corporate vs. Individual."

A feature of the manual is the section, "The Job Itself." Here are outlined the duties of each position in the bank below officer level. The text indicates the variety of service offered and the routines followed in providing those services.

There is also an organization chart of the bank.

## Banking by Mirror

When the AMERICAN NATIONAL BANK of Portsmouth, Virginia, remodelled its quarters in 1941, President Frank D. Lawrence suggested an innovation. Why not construct a curb teller which, using the periscope principle, would enable people to make deposits or withdrawals without entering the bank?

Mr. Lawrence and his architect, A. Stanley Miller of Brooklyn, worked out

(CONTINUED ON PAGE 116)



## If golf is your hobby...

You probably have one favorite putter—one that feels just right in your hands.

You find that your game improves with a club you prefer using!



## If typing were your job...

You'd have one favorite typewriter—one that's just right to your touch.

The odds are that it would be a Royal, the typewriter that's built up a preference equal to that of the next three leading typewriters together.

So, give your typists Royals. Watch their work improve with typewriters they prefer using!



**Preference for Royal = combined preference for next three standard typewriters.**

**Popularity!** Just see how Royal rates with secretaries and typists. A national survey shows that the preference for Royal equals the combined preference for the next three most popular standard office typewriters. Your typists will do *more* work, *better* work on machines they prefer using.

**Royal efficiency!** There are work-saving, time-saving features on a Royal not found on any other typewriter. That's why Royals are preferred. That's why they result in higher *production per machine!*

**Royal durability!** These typewriters are *really* sturdy. Royals stand up . . . spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!

## ROYAL—*World's No. 1 Typewriter*

the device and it proved so satisfactory that it is now being distributed commercially.

The teller is a bullet-proof kiosk (it looks something like a gasoline pump) several feet high, set on the sidewalk at the curb. A mirror near the top reflects the customer's image to another mirror at the bottom where, in a compartment under the sidewalk, the regular teller sits at his desk. (The customer, of course, can also see the teller.) Deposit slips, checks, cash, passbooks and other items are sent up and down the interior of the kiosk on an automatic elevator. Customer and teller converse over a two-way communication system.

The device is also usable inside a bank building where tellers stationed on the mezzanine can transact business with customers on the lobby floor. It can be combined with a night depository.

Mr. Lawrence reports that the teller operating the AMERICAN NATIONAL'S curb facility "is just as busy if not busier, than any other teller in the bank."

"Seven years' operation," he adds, "has convinced me that my original idea was fool-proof. Many customers are saved much time by not being required to park several blocks away."

## A Bank Suggests "Shop at Home"

The PENINSULA NATIONAL BANK of Cedarhurst, Long Island, is sponsoring a "shop at home" campaign in the five New York communities it serves.

The drive was launched with newspaper advertising, news releases, and a large outdoor billboard. Follow-up ads are being run in the local press, supplemented with poster reproductions of the billboard for display by merchants in the towns. Postcard copies, bearing a message citing the advantages of local shopping, have been sent to all residents of the communities.



This large outdoor billboard helps promote the bank's community business campaign

A drawing of the curb teller at work



One local paper, commenting editorially on the campaign, said the venture was "unique for a financial institution to undertake" and commended the bank for sponsoring the drive.

## New Type Checkbook

CORN EXCHANGE NATIONAL BANK of Philadelphia has offered its depositors a new type checkbook which simplifies the computation of balances and facilitates record-keeping by the customer.

The book, for which a patent application has been made, is designed on the principle of a visible record binder. An unusual positioning of the stubs makes as many as 15 of them visible at a glance.

The checkbook is a series of units of five pages of checks, three to a page. The stubs, however, are confined to one-fifth of the over-all depth of the page. On the first page they occupy the top fifth, on the second page the second

fifth, and so on. When the last check on a page has been used the blank perforated section at the lower left is detached, thus uncovering the stubs for the following page of checks.

Each five-page unit is preceded by a simple record-keeping form which provides space for special column headings to be written in.

## Duplicate Deposit Slips

"After 35 years in banking I thought I'd seen most of the errors that are possible," remarked a bank officer. "But now I'm convinced there's still something new to be learned."

On a busy day a woman customer of a New Jersey bank deposited \$50 in her checking account. She didn't have her passbook, so made out two deposit slips. The teller accepted the deposit and signed the duplicate. Later in the month she presented the duplicate (which, in her haste, she must have made out for \$100) and her passbook. It was entered in the book at \$100, and thus agreed with the entry she had previously made in her checkbook from the duplicate.

When her statement came it showed a credit of \$50 as of that day. When she presented her passbook for verification with the bank ledger the teller found the filed deposit slip, made out in the woman's handwriting for \$50. By luck (and after many hours of searching through baled paper) the duplicate slip for \$100, made out the same day and in the same hand, was also found.

The customer had her checkbook entry and the teller's entry in her pass-

book from her duplicate slip of \$100 as evidence that she had deposited the larger amount. She couldn't remember how much she had deposited but assumed the passbook was correct.

What was the solution? The woman insisted she wanted no part of the money if the teller might be discredited in any way. She was satisfied to accept the smaller amount—but things might not have turned out that way.

The bank now rubber-stamps every duplicate deposit slip, as always, but with this difference: The amount of the deposit is written out in full and then signed by the teller. This prevents the possibility of the amount being raised. A deposit of \$190, for example, can easily be changed to \$4,190, or a much larger sum, if a space is left between the dollar sign and the first figure.

Now, when a duplicate slip is presented for entry on a passbook at this bank it is immediately verified by the bookkeeping department. In order to save time at tellers' windows this step had occasionally been omitted in the past.

#### Little Fellows

BANK OF AMERICA publishes a four-page offset folder, illustrated with human interest photographs, which tells a dozen or so stories of the bank's services to "the little fellow." Here's one:

"Mechanic Gordon Johansen thought up an idea for a cultivating disc with several advantages, including control of depth of cultivation and less strain on the tractor, named it Deptroller and financed it into commercial production with his savings and those of his partner, Welford Copley. When a large distributor offered a big contract, the young men saw success so near and yet so far, just for want of enough working capital to swing the deal.

"I'd always looked at bankers with a kind of awe," says Gordon. "But my pals screwed up courage for me, I went down to the bank and, sure

enough, they helped us out. That was a great day for us."

The folder, entitled "The Little Fellow's Bank," is offered as a message to stockholders and friends of the bank. It's printed in two colors.

#### News About Banks

WESTERN SAVING FUND SOCIETY of Philadelphia has contracted for 26 weekly television spot announcements on Station WPTZ. Banking by mail service and the value of planned saving are to be featured alternately.

In the interest of promoting better

public relations in the community, the GARY (Indiana) NATIONAL BANK entertained the city's six service clubs at luncheon. Guest speaker was Senator Robert A. Taft, Ohio. Senator Homer E. Capehart of Indiana was another speaker.

The BANK OF SMITHFIELD, Virginia, held an open house for a public inspection of its remodeled and redecorated quarters and new vault.

CHEMICAL BANK & TRUST COMPANY of New York recently opened a new telegraph communication system with its correspondent banks in five cities

LARGEST FINANCIAL INSTITUTION IN THE NATION'S CAPITAL

# The RIGGS NATIONAL BANK of WASHINGTON, D. C.

ROBERT V. FLEMING, *President*

FOUNDED 1836

*We are  
especially well equipped  
to handle accounts of  
Bank Correspondents  
and National  
Corporations*

RESOURCES  
OVER \$300,000,000

COMPLETE BANKING AND  
TRUST SERVICE

Member—Federal Deposit Insurance  
Corporation—Federal Reserve System



MAIN OFFICE  
1503 PENNSYLVANIA AVENUE  
(Opposite U. S. Treasury)

Land Title Bank and Trust Company of Philadelphia has installed a coffee vending machine for its employees



across the country. Used for the transfer of money, security and foreign exchange transactions, exchange of credit information, and many other purposes, the system is planned for extension to banks in 26 cities. Through a push-button switching center in the offices of Chemical's Chicago representative, messages are swiftly transmitted. Each is typed only once, on the teleprinter at the originating bank.

PEOPLES FIRST NATIONAL BANK AND TRUST COMPANY of Pittsburgh recently held another of its economic meetings, attended by several hundred bankers. Speakers included Professor Sumner

H. Slichter of Harvard; Aubrey G. Lanston, executive vice-president of the First Boston Corporation; and Robert C. Downie, president of the Peoples First.

IOWA-DES MOINES NATIONAL BANK of Des Moines has an unusual outdoor timepiece—a revolving bracket clock, said to be one of two in the world. Suspended 19 feet above the sidewalk, it completes two revolutions a minute and can be seen clearly in all directions.

When Congress overrode the presidential veto on the tax bill, BANKERS TRUST COMPANY of New York was

ready. It had prepared in advance an advertisement, "How the New Tax Law Affects Your Estate," which was published in the morning papers of the next day. The copy called attention to the effect of the new federal estate and gift taxes and offered copies of a study of the law.

## Helping to Lick Inflation

Three mutual savings banks in Springfield, Massachusetts, are running a series of newspaper advertisements designed to get the public into the fight against inflation.

A Hartford, Connecticut, advertising agency prepared the campaign for the HAMPDEN SAVINGS BANK, SPRINGFIELD INSTITUTION FOR SAVINGS, and SPRINGFIELD FIVE CENTS SAVINGS BANK.

The copy, instead of telling what the banks are doing in the battle, is suggesting how the people can help—for instance, buy only "what you must have and what is reasonably priced."

"If you're bidding high for scarce items," says one ad, "you're sending prices up. If you're buying willy-nilly, without selecting the plentiful items, you're helping increase prices. That's inflation, sir."

Another advertisement, which received the unofficial approval of prominent labor leaders, tackled the problem from the wages angle. It is reproduced herewith.



"H'ist Him Higher, Brother"

It's not a new trick just the holding on the rope of higher wages! But it's a new idea. It's the secret of better pay is to make more things in each hour of work. — The Fight Against Inflation.

Published by the Hartford Savings Banks Association and the Springfield Five Cents Savings Bank.

SAVING HELPS LICK INFLATION

"Everyone wants better pay," says the copy. "But pulling on the rope of 'higher wages' by itself is not the answer. The secret of better pay is to make more things in each hour of work."

BANKING



## IT'S A GOOD IDEA...

... to advertise for new and repeat Time Sales business in your Payment Coupon Books. You reach your best prospects—your customers. The cost is small. And your message is sure to receive the right attention.

Inserts, placed in timely positions between coupons, will do the job effectively and make your Payment Coupon Book an invaluable selling medium as well as a collection form. Write to head office:

Indianapolis 6, Indiana.

"SINCE  
1888"

## Is the Owner's Equity Protected?



The mortgagee's interest may not be affected but, in these days of rising construction costs, amounts of insurance should be checked, and increased, if necessary, to cover today's values and the owner's equity in a property.

It's good business to call these facts to the attention of the property owners you serve - now!

## THE PHOENIX INSURANCE COMPANY

Hartford 15, Conn.

The Connecticut Fire Ins. Co.  
Hartford, 15, Conn.

Atlantic Fire Insurance Company  
Raleigh, North Carolina

Great Eastern Fire Insurance Co.  
White Plains, N. Y.

Reliance Insurance Company of Canada  
Montreal 1, Canada

Equitable Fire & Marine Ins. Co.  
Providence 3, R. I.

The Central States Fire Ins. Co.  
Wichita 2, Kansas

Minneapolis F. & M. Ins. Co.  
Minneapolis 2, Minn.



"That way everyone can buy the products of industry cheaper, and the worker can be better paid for his work. Let's build up the supply of things first ... that Fights Inflation."

Each ad in the six-weeks series ends with the line: "Saving Helps Lick Inflation."

### Five-room Flai, \$10

To celebrate its 83rd anniversary, the **MERCHANTS NATIONAL BANK & TRUST COMPANY** of Meadville, Pennsylvania, arranged a lobby display of old newspapers and then invited the high school journalism class to come and see it.

The papers chronicled such big stories as Lincoln's assassination, the Chicago fire, the outbreak of the Franco-Prussian War, and the sinking of the Battleship Maine. Advertising columns offered butter at 16 cents a pound and beef at five and a half cents (1898); fine linen handkerchiefs at seven cents each (1871); and a five-room house for rent at \$10 a month (1914).

The pupils were also taken on a trip around the bank. Two cash prizes were offered for the best news stories about their visit.

### Pocket Guide

ANGLO CALIFORNIA National Bank is circulating a pocket guide to "helpful banking service."

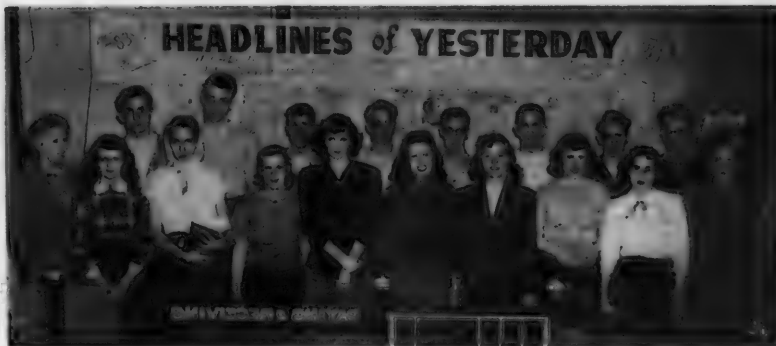
It's a handy folder, with marginal index, which provides quick reference to some 20 things the bank is prepared to do for its customers: insurance premium financing, money orders, personal loans, savings accounts, mortgages, trust service, checking accounts, household equipment financing, etc.

There's a brief description of each service, and a thumbnail sketch to illustrate it.

The United States National Bank of Portland, Oregon, recently opened more than 17,000 feet of newly-designed facilities and banking offices. Below, a section of the modern note department



May 1948



The Meadville high school journalists and their instructor, Miss Isabelle Carroll, photographed in front of the bank lobby display of historic newspaper pages.

## *for more profitable banking*

- \* **Rand McNally BANKERS DIRECTORY (the Blue Book)** has been the indispensable source of complete, up-to-date banking information—the favorite financial reference—of all banks for more than 75 years.
- \* **The KEY TO NUMERICAL SYSTEM** of the American Bankers Association with Check Routing Symbols, published exclusively by Rand McNally, contains latest transit numbers and check routing symbols, speeds up transit work in all banks.
- \* **Rand McNally BANKERS MONTHLY**, the independent banking magazine of tested ideas for increasing bank income and reducing bank expenses, is welcomed by the banks of the country every month.
- \* **Rand McNally SAVINGS CLUB AND COLLECTION SYSTEMS** win customer good will, eliminate errors, save time and money.

For complete information, address

**RAND McNALLY & COMPANY**

Banking Division

536 S. CLARK STREET . . . . . CHICAGO 5, ILL.

# A New Bank Service to Business

**I**N a large New York bank financial executives of utility operating companies are meeting monthly to get some pointers on sound investor relations.

They come, a different group each month, at the invitation of Irving Trust Company. They leave, after a two-day round table at the bank, with a good working knowledge of the financial community and the components of the

capital market whose facilities they will use to raise part of the \$5 billion needed for their postwar expansion.

The chairman of the round tables is the bank's vice-president, Tom P. Walker, who is in charge of its public utility division and is a former utility president. He realized, not long ago, that recently divested operating companies had been put on their own financially; whereas their financing had

previously been taken care of by the holding companies, the operating units now faced the necessity of raising large sums for expansion—and this at a time when venture capital was anything but venturesome.

So Irving's management felt that the utilities might have use for an active investor relations program and for friendly, expert information on the mechanics of the capital market. As a practical means to this end the bank decided to invite the top financial men of representative operating companies to visit New York (at their own expense) for conferences, under the bank's supervision, that might clarify their problems. To promote free discussion it was decided to keep the groups small, and not more than 12 attend each session.

**T**HE utility men are taken, literally and figuratively, on a tour of the market place. They hear talks by an investment banker, a security analyst, rating agency experts, an important institutional investor, Irving's economist, a spokesman for the bank's trustee and transfer departments, a statistical consultant, a newspaper man, and an official of the New York Stock Exchange. They visit the Exchange, too, chat with Emil Schram, its president, and get an explanation of its operations from Vice-president John Haskell.

They also receive from the bank suggestions for an investor relations program designed to promote friendly contacts with various groups of investors, including present owners of the companies' securities, to the end that a fresh pool of capital may be maintained for the growing needs of the industry.

At the beginning of each round table Mr. Walker explains that the bank is not "running a school." But it hopes the executives will get some worthwhile information from the talks and from their own discussions.

"Several factors point up the immediate need for active investor relations programs. In the first place, the tremendous financial requirements of the utility industry in the near future will tax the facilities of the market and bring about sharp competition for the investor's dollar. Also, the recently divested operating companies have large groups of new stockholders to be cultivated. Again, the political aspects of public vs. private ownership of electric facilities is an added incentive to develop investor relations to the highest point possible."

## 40 Years Growth in 2 Years



**T**HE telephone was forty years old before there were six million Bell telephones in this country. Now there are twenty-nine million. The last six million have been added since these little tots were born—in about two years instead of forty.

But growth is not the only measure of the increased value of your telephone service. Many new developments, worked out in Bell Telephone Laboratories and now being put into service by your telephone company, are extending its scope and usefulness.

There is the extension of telephone service to automobiles, trucks, busses, boats, trains and airplanes.

There is the \$200,000,000 program to extend and improve service in rural areas. Today there are 50% more

rural telephones than when the war ended.

Then there is coaxial cable, no thicker than your wrist, which can carry 1800 Long Distance calls at one time. And along with it is a new system for transmitting telephone conversations by super-high-frequency radio waves. Both are designed so they can be used for Television as well as Long Distance calls.

And research on new electronic devices, now under way in Bell Telephone Laboratories, brings still wider horizons of electrical communication within view.

It's all a part of progress and our constant effort to make telephone service better and more useful for every telephone user.

BELL TELEPHONE SYSTEM



The financial community's population contains numerous agencies that serve investors in one way or another, and the bank has asked a representative of each principal agency to tell the utility men about its work.

A recent round table began with a talk by an investment banker, Henry Breck, vice-president of Union Securities Corporation. Mr. Breck explained the functions of a sponsoring house, how a syndicate prepares bids, the public and private sale of securities after negotiation or competitive bidding. He emphasized the desirability of maintaining contacts with several investment bankers.

Security analysis was covered by an Irving officer, John F. Childs, who discussed the technique of evaluating securities, stressing the importance of balanced corporate structures. It's advisable, he said, for a company to keep in touch with some leading analysts.

THE institutional investor was represented by Arnold F. LaForce of Metropolitan Life Insurance Company. He took up the factors considered in the analysis of electric utility stocks and bonds, discussed mortgage provisions that provide important safeguards, and commented on private vs. public offering of securities.

Louis Brand, managing director of Bond Services, and Dr. Bartow Griffiss, manager of the utility department of Standard-Poor, outlined the scope of the information required for an intelligent rating.

The functions and responsibilities of a trustee were described by the head of the bank's corporate trust division, Ben-Flemming Sessel. He pointed out some of the services provided by this department in any large bank.

The round tablers also have an opportunity to gauge current financial trends in a talk by the bank's economist, Wesley Lindow, who comments on the outlook for business and interest rates.

A New York financial editor—a different one each month—gives the newspaper man's approach to the investor community, and a statistical consultant, Walter C. Huebner of Ebasco Services, Inc., makes suggestions on the preparation of published reports.

Thus the utility men go the rounds of the financial community and the capital market; they then return to the major purpose of the round table—an investor relations program.

The bank has prepared a list of items that might go into it—for example:

A company should make investor relations the responsibility of a top



Round Table Chairman Walker

executive. Large holders of securities should be seen personally. Company executives should talk freely with security analysts about corporate affairs,

and regular visits should be paid to a selected list of investment bankers, security analysts, rating agencies, investment counselors and economists.

Present and prospective investors should be kept informed on company affairs.

ALL this looks like a lot of work for a busy bank, and perhaps a few steps removed from the line of duty.

But the project has proved successful and Irving plans to continue the round tables. The utility men who have attended the six conferences held so far are most enthusiastic—to the bank's definite benefit in the industry.

## Speed Up YOUR TRANSACTIONS

Central National Bank of Cleveland will give speedy handling to your financial transactions in Cleveland and the Great Lakes Area. We're alert to safeguarding your interests. We are acquainted with the diversified commerce and industry of this region, and we will be glad to share with you the benefits resulting from our more than 58 years of experience. Phone, wire or write for immediate attention to your needs.

**Central National Bank**  
of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# FDIC Explains Payment Methods

*In response to numerous requests, the Federal Deposit Insurance Corporation has prepared a mimeographed memorandum comparing the insurance provided by it and by the Federal Savings and Loan Insurance Corporation. The memorandum was written, says FDIC Associate General Counsel Norris C. Bakke, to save time in responding to the letters of inquiry. "In so doing," he adds, "we scrupulously endeavored to make a fair and accurate comparison between the two insurance plans." Printed here is the FDIC statement.*

**T**HE Federal Deposit Insurance Corporation was organized under the Banking Act of 1933 and functions under that Act as amended by the Banking Act of 1935. The Corporation insures deposits of all banks which are entitled to the benefits of insurance under the law to the extent of \$5,000 for each depositor. All banks which are members of the Federal Reserve System are insured under the Federal Deposit Insurance Law and any bank located in any state of the United States or the District of Columbia which is not a member of the Federal Reserve System may become an insured bank upon ap-

plication to, and examination by, the Corporation, and approval by the Corporation's board of directors.

"When an insured bank is closed on account of inability to meet the demands of its depositors or for the purpose of liquidation without adequate provision having been made for the payment of its depositors, the Corporation makes payment of the insured deposits in such bank by making available to each depositor a transferred deposit in a new bank in the same community, or in another insured bank, in an amount equal to the insured deposit of such depositor and subject to withdrawal upon demand, which is the equivalent of cash, or by making payment in cash.

## **Machinery Starts at Once**

"Upon the closing of an insured bank the Corporation starts to make payment to depositors of their insured deposits as soon after the closing as legal arrangements can be made for the subrogation of the depositors' claims and as soon as the records for payment can be completed. Immediately following the closing of an insured bank, the Corporation's representatives are sent in to verify the records and make preparations to pay off depositors.

"As soon as the insolvency has been legally verified and the appointment of a receiver confirmed by the authority having legal jurisdiction, the Corporation notifies depositors by mail, posters, and advertisements of its readiness to pay all insured deposits. Thereafter payments are made as rapidly as depositors present and prove their claims. The procedure for presenting and proving claims has been so simplified that it imposes no greater burden upon depositors than is ordinarily involved in the withdrawal of a deposit from an operating bank. Insured deposits are made available immediately after legal requirements are satisfied. This usually results in making insured deposits available within from four to ten days after the actual closing of the bank. Ordinarily any delay beyond ten days has been due to legal requirements peculiar to the particular location of the bank or some particular out-of-the-ordinary aspect of the depositor's claim.

"The Federal Savings and Loan Insurance Corporation was created under the National Housing Act to insure the safety of savings in thrift and home

## **MARSH & McLENNAN**

INCORPORATED

### **Insurance Brokers**

ACTUARIES AND  
AVERAGE ADJUSTERS

Chicago	New York	San Francisco	Detroit
Washington	Pittsburgh	Minneapolis	Boston
Buffalo	Cleveland	Columbus	Indianapolis
Superior	Duluth	St. Paul	St. Louis
Los Angeles	Phoenix	Seattle	Portland
Vancouver	Montreal	Havana	London

## **INVESTORS MUTUAL, INC.**

## **INVESTORS SELECTIVE FUND, INC.**

## **INVESTORS STOCK FUND, INC.**

*Prospectus on request from Principal Underwriter*

## **INVESTORS SYNDICATE**

MINNEAPOLIS, MINNESOTA



financing institutions. The Federal Savings and Loan Insurance Corporation guarantees the safety of repurchasable or withdrawable investments and credited earnings up to \$5,000 for each investor in an insured institution. All Federal savings and loan associations, and such state-chartered building and loan, savings and loan, and homestead associations and cooperative banks as apply and are approved are so insured. In the event of default of such an insured institution, the statute provides that the Federal Savings and Loan Insurance Corporation shall make available to the holders of insured accounts, at their option, either a new insured account of equal amount in an insured institution which is not in default, or not to exceed 10 percent of the insured account in cash, 50 percent of the balance in negotiable non-interest bearing debentures of the Corporation due within one year from the date of default and the remaining 50 percent of the balance in similar debentures due within three years from the date of default.

#### Shareholders' Position

"Customarily shares of savings and loan associations do not have a maturity date, nor does there exist an obligation on the part of the association to redeem its shares at the pleasure of the investor. While the shareholder may apply to the association to repurchase his shares, as a rule the contract provides that if it is not convenient to redeem the shares, the association has the right to postpone the repurchase almost indefinitely by paying the applicant one-third, or some other stated proportion, of the current daily receipts after providing for operating expenses. Such payments are made in numerical order of the application and should the amount of the applications on file at a given date exceed the amount of funds available for such payment, a pro rata distribution would be made, following which the applications would be renumbered for consideration at some later date after intervening applications had received similar treatment.

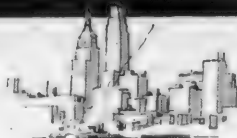
"The guarantee or insurance feature, provided by the Federal Savings and Loan Insurance Corporation, does not become effective unless and until an insured association is declared in default by legal authority or a court of competent jurisdiction. When it does become effective, the insured receives the protection afforded under the statute in the manner indicated above.

"Building and loan associations are an entirely different type of financial

institution from insured commercial banks. Generally banks are larger financial concerns than building and loan associations in the same area and participate in financial transactions which are of greater commercial importance and of more varied character than those in which building and loan associations engage. Building and loan associations were organized to engage primarily in the business of home financing for members and the investments of members are represented by certificates or shares.

"Banks act primarily as depositories for funds of fluid character which may

be needed immediately or on reasonably short notice, whereas building and loan associations are intended for the long term investment of accumulations which are not apt to be needed on short notice. The choice of the institution to a large extent depends upon the needs of the persons with whom it deals as well as the financial condition of the particular institution involved. Because of the differences between the types of institution and the purposes which they are designed to serve, it remains for each person to decide which institution will best serve his need and purpose."



### ***THIS is Cincinnati...***

... nationally known for the manufacture of footwear. If you have interests here, we are fully equipped to serve you with a complete correspondent service—for we have been associated since 1858 with the development of Cincinnati's industries. To our correspondent banks we provide a comprehensive, helpful service—based on personal understanding of individual needs and problems. If you have not already become acquainted with Fifth Third Service, we would welcome an opportunity to talk with you about it.

**the FIFTH THIRD UNION TRUST co.**

CINCINNATI, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORP. • MEMBER FEDERAL RESERVE SYSTEM

## MAY WE SERVE YOUR BANK IN SEATTLE

Immediate and  
intelligent handling of  
correspondent bank  
business is our policy.  
We cordially invite  
your inquiries.

## THE PACIFIC NATIONAL BANK OF SEATTLE

"The Bank of Business"

Second at  
Marion



Seattle  
11

Member Federal Deposit Insurance  
Corporation

**FREE Catalog**  
**BRONZE TABLETS**

**DESIGNS FOR  
EVERY NEED**

Write today for free  
48-page catalog, il-  
lustrating 150 sug-  
gestions for solid  
bronze tablets—me-  
morial, honor rolls,  
testimonials, awards,  
etc. Ask for catalog B.



INTERNATIONAL BRONZE TABLET CO. INC. 150 WEST 22ND ST.  
NEW YORK 11, N.Y.

**Do Your Directors Read  
BANKING'S Newsletter?**

## Bank Investments

(CONTINUED FROM PAGE 41)

bear in mind a few fundamental principles, they would not be so concerned over their long-term government obligations.

It is therefore not irrelevant to reiterate a few of the well known principles on which the investment policies of savings banks should be based. If these principles are borne in mind and if they are carefully followed there is no reason why savings banks, irrespective of the great uncertainties, should not continue to operate satisfactorily to the benefit of their depositors as well as of the communities where they are located. Briefly, these principles may be summarized as follows:

### Four Investment Principles

(1) Savings banks were established to further thrift. Savings depositors as a general rule are more interested in safety, availability of their savings and convenience than in their return. The large increase in savings bank deposits, despite the competition from Series E bonds, the substantial increase in savings deposits of commercial banks, even though they pay a lower rate of interest than mutual savings banks, is ample proof of this statement. Since the depositors of savings banks are primarily concerned with safety and are satisfied with a small return, there is no pressure on the savings institutions to reach out for higher yields and acquire securities and mortgages which are of uncertain quality and marketability and on which some savings banks lost considerably in the past.

(2) Savings deposits are not subject to rapid changes and the rate of dividend varies between  $1\frac{1}{2}$  and  $2\frac{1}{2}$  percent. Hence the banks' investments must of necessity be based on long-term obligations and mortgages. They cannot adopt the same investment policy as commercial banks which operate primarily with demand deposits on which no interest is being paid.

(3) Savings banks operate with local funds and therefore they should be ready to invest in the communities where they are located, notably in sound mortgages. It is, however, not wise to restrict the activities of savings banks to a given area, for in doing so they are deprived of diversification of risks.

(4) While liquidity does not play an important role in the investment policies of savings banks, it cannot be overlooked. A certain amount of liquidity is desirable and can best be obtained

through the acquisition of short-term government obligations.

### An Investment Program

With these few principles in mind it is now possible to lay down a broad general program of investments for savings banks. These may be summarized briefly as follows:

(1) *Investments of savings banks should be only in the highest-grade bonds and in sound mortgages with adequate amortization provisions.* The legal list is no protection against losses. It should always be borne in mind that real estate values fluctuate and that the present highly inflated values of real estate cannot be maintained indefinitely. Irrespective of the reproduction cost, real estate values will decrease when the present shortage of housing has been eliminated and better homes are being built. Outside of government securities, which are in a class by themselves, the marketability of other bonds cannot be fully relied upon to preserve liquidity, particularly in periods of uncertainty and declining markets.

(2) The maturity distribution of a savings bank portfolio may be somewhat as follows: Long-term investments, including mortgages, will range between 60 and 80 percent of total resources. The percentage will depend on the volume of mortgages and of government securities. Where the volume of mortgages is small and the holdings of government securities are large, it may go to 80 percent. Where the amount of mortgages is very large and the

(CONTINUED ON PAGE 126)



"We have our first case at last, Miss Greely.  
The landlord is suing me for the rent"

**BANKING**

# THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York



## Condensed Statement of Condition as of March 31, 1948

Including Domestic and Foreign Branches But Not Including The Affiliated City Bank Farmers Trust Company

(In Dollars Only—Cents Omitted)

### ASSETS

Cash and Due from Banks.....	\$1,289,461,435
Gold Abroad or in Transit.....	15,551,346
United States Government Obligations (Direct or Fully Guaranteed).....	1,846,680,036
Obligations of Other Federal Agencies.....	22,274,298
State and Municipal Securities.....	248,241,489
Other Securities.....	77,668,206
Loans, Discounts, and Bankers' Acceptances...	1,275,144,519
Real Estate Loans and Securities.....	2,803,644
Customers' Liability for Acceptances.....	27,555,294
Stock in Federal Reserve Bank.....	7,200,000
Ownership of International Banking Corporation.....	7,000,000
Bank Premises.....	28,310,012
Other Assets.....	2,490,341
<b>Total.....</b>	<b>\$4,850,380,620</b>

### LIABILITIES

Deposits.....	\$4,507,009,250
(Includes U.S. War Loan Deposit \$38,448,698)	
Liability on Acceptances and Bills. . \$38,867,644	
Less: Own Acceptances in Portfolio.....	9,771,078
	29,096,566
Items in Transit with Branches.....	9,054,304
Reserves for:	
Unearned Discount and Other Unearned Income.....	5,212,057
Interest, Taxes, Other Accrued Expenses, etc.	25,672,636
Dividend.....	2,325,000
Capital..... \$ 77,500,000	
Surplus..... 162,500,000	
Undivided Profits..... 32,010,807	272,010,807
<b>Total.....</b>	<b>\$4,850,380,620</b>

Figures of Foreign Branches are as of March 25, 1948.

\$274,726,280 of United States Government Obligations and \$2,822,350 of other assets are deposited to secure \$229,907,678 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

### DIRECTORS

WM. GAGE BRADY, JR.  
Chairman of the Board

W. RANDOLPH BURGESS  
Chairman of the Executive Committee

HOWARD C. SHEPERD  
President

SOSTHENES BEHN  
Chairman and President, International Telephone and Telegraph Corporation

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GERARD SWOPE  
Honorary President, General Electric Company

REGINALD B. TAYLOR  
Williamsville, New York

ROBERT WINTHROP  
Robert Winthrop & Co.

(CONTINUED FROM PAGE 124)

amount of government securities relatively small, the percentage will be smaller. FHA mortgages may be treated the same as government obligations, although they do not enjoy the marketability of the latter.

(3) The composition of the rest of the resources will be somewhat as follows: 10 percent in cash or its equivalent, i.e., short-term government obligations or deposits with a savings banks trust company; 10-30 percent in medium-term obligations of high-grade quality and marketability. A well diversified portfolio of a savings bank will then be composed as follows: 40-45

percent in high-grade mortgages, provided that all carry satisfactory amortization provisions; 35-40 percent in high quality bonds of longer maturity, 10-15 percent in high-grade bonds of medium-term maturity and 10 percent in cash or its equivalent. It should be noted that the above is merely an approximation and that the status of individual savings banks naturally will differ materially.

### **The Status of Government Bonds**

Since savings banks will continue to hold a large amount of government securities, and because of the great uncertainty which prevails at the present time, it is of importance to analyze

the status of the government bond market. The money market during the last two decades has been under the influence of the credit policies of the monetary authorities. These are not formulated in a vacuum and are greatly influenced by business activity, the movement of commodity prices and the status and needs of the Treasury. From 1930 to 1940 the efforts of the monetary authorities were directed to deflating the economy and bringing about an increase in prices of commodities. From 1940 to the middle of 1946 the efforts of the Government were directed to financing the war at as low a cost as possible. From the end of 1946 the efforts of the monetary authorities have been directed primarily to stemming the tide of inflation and preventing a further increase in prices of commodities and a further expansion in the volume of bank credit outstanding.

During the last few months the monetary authorities have been criticized on the ground that their policies were not adequate to break the forces of inflation and because they did not adopt measures similar to those put in operation in 1920. The monetary authorities have it within their power through drastic credit restrictive measures to bring to an end the expansion of bank credit and to cause a drastic reduction in the volume of bank loans accompanied by a material increase in money rates. This policy was adopted in 1920 and brought to an end the forces of inflation. It has not been adopted this time for three reasons:

First, the monetary authorities knew that through the adoption of credit restrictive measures they could bring to an end the forces of inflation, but there was a justified fear that such a policy could also rapidly convert the period of inflation into a serious depression.

Second, the Treasury and the Reserve authorities had to take into account the position of the Treasury. Since the latter is confronted with the task of refunding over \$50 billion of government obligations during the next 12 months, there was the justified fear that drastic credit restrictive measures could greatly interfere with the refunding operations of the Treasury.

Third, it was feared that drastic credit restrictive measures, accompanied as they would be by a material decline in prices of marketable government obligations, might also induce holders of Series E, F and G bonds to redeem them. Such a development obviously might place the Treasury in a difficult position.

Because of these factors the mone-

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tary authorities refused to adopt a policy similar in character to the one put into effect in 1920. Instead, they have adopted the following policy: On the one hand, through the redemption of government obligations held by the Reserve banks they have endeavored to reduce the reserve balances of the member banks with the Reserve banks. On the other hand, they have adopted a policy of preventing prices of government obligations from going below certain levels. As a result of this policy the Reserve banks have acquired during the last few months over \$5 billion of government bonds. During the same period, however, they either sold or redeemed about \$6½ billion of Treasury bills, notes and certificates, with the result that the total government securities held by the Reserve banks have decreased by over \$1 billion.

Can this policy be maintained? This in turn raises two questions, namely: Have the Reserve authorities the power to maintain the government bond market indefinitely? The answer is yes. The second question is: How long will the monetary authorities maintain the present policy of keeping government bonds at the present level? This will depend on business activity, the movement of commodity prices, the policies of the commercial banks and the fiscal position of the Treasury. If we should witness an intensification of the spiral between wages and prices, and particularly if this should be accompanied by a sharp increase in the volume of commercial loans, then obviously a change in the present credit policies of the

monetary authorities may take place. It is, however, unlikely that the commercial banks will sell long-term government securities to the Federal Reserve banks and utilize the newly created reserve balances for the purpose of making new loans and investments, thereby further increasing the volume of bank deposits. So long as the commercial banks follow the present policy of exercising great caution in the extension of loans there does not seem to be any danger of a change in the credit policies of the monetary authorities.

The position of the Treasury naturally is also bound to have an effect

on the monetary policies of the Reserve authorities. What the status of the Treasury will be in the future it is impossible to state because of the efforts on the part of the Congress to reduce taxation in spite of the need to increase military expenditures. As regards government securities, therefore, one may conclude that the monetary authorities can maintain the rate indefinitely and that the present policy of supporting government securities will be maintained unless inflationary pressure of substantial magnitude should set in again and the spiral between wages and prices should be accelerated.

## THE NATIONAL CITY BANK OF CLEVELAND

### Statement of Condition

MARCH 31, 1948

#### ASSETS

Cash and Due from Banks . . . . .	\$118,092,165.64
United States Government Obligations . . . . .	216,673,918.41
Other Securities . . . . .	14,043,108.08
Loans and Discounts . . . . .	112,991,718.63
Investment in Banking Premises . . . . .	2,346,806.15
Customers' Liability on Acceptances and Letters of Credit . . . . .	4,205,068.44
Accrued Interest . . . . .	953,805.95
Other Assets . . . . .	472,737.29
	<u>\$469,779,328.59</u>

#### LIABILITIES

Capital Stock (625,000 shares) . . . . .	\$ 10,000,000.00	
Surplus . . . . .	10,000,000.00	
Undivided Profits . . . . .	4,038,161.76	\$ 24,038,161.76
Reserves . . . . .		3,834,834.47
Dividend on Capital Stock payable May 1, 1948 . . . . .		218,750.00
Acceptances and Letters of Credit . . . . .		4,205,068.44
Accrued Interest and Expenses . . . . .		840,684.08
Deferred Credits and Other Liabilities . . . . .		1,215,219.55
Corporation, Individual and Bank Deposits . . . . .	321,292,076.25	
Savings Deposits . . . . .	66,207,794.74	
Trust and Public Deposits . . . . .	36,458,194.42	
U. S. Government War Loan Account . . . . .	11,468,544.88	435,426,610.29
		<u>\$469,779,328.59</u>
Contingent Liability on Unused Loan Commitments . . . . .		\$ 16,966,238.72

NOTE: United States Government obligations carried at \$50,735,695.39 are pledged to secure trust and public deposits, U. S. Government war loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



**EVERY MARRIED MAN'S  
PROBLEM: HOW TO  
TURN THE WOLF AT  
THE DOOR INTO A  
FUR COAT FOR HIS  
WIFE.**

# Recapitulation of Banking Figures

TOTAL bank deposits in the nation's banks have increased nearly \$5 billion in the past year, it is revealed by R. L. Polk & Company, Detroit, publishers of *Polk's Bankers Encyclopedia*, in the latest edition (107th) of *The Bank Directory*. Total deposits were \$163,917,229,918 as of last December 31, compared with \$158,156,498,000 a year earlier.

Reporting on the condition of the nation's 14,834 banks

and their 4,375 branches, the *Directory* shows that chartered banks have a total capital account of \$12,471,638,238, compared with \$11,698,081,000 for the comparable period a year ago. Total resources are shown at \$177,450,146,262, against \$170,933,862,000 for 1946.

The tabulation below is one of those which appears in this latest edition of *The Bank Directory*.

## A Classified List of BANKS and BANKERS of the UNITED STATES, together with RECAPITULATION of the BANKING FIGURES as of December 31, 1947, by STATES and TERRITORIES

State	National Banks	National Bank Branches	State Banks and Trust Co.'s	State Banks and Trust Co.'s Branches	Private Banks	*Federal Banks	*Federal Branches	Other Banking Institutions	Other Banking Institution Branches	Total Banks	Total Branches	Capital Account	Deposits	Total Resources
Alabama.....	68	20	155	1			1			223	22	\$ 77,728,602	\$ 1,281,774,924	\$ 1,314,197,009
Alaska.....	4		14	1	1					19	1	4,601,339	60,784,760	65,523,377
Arizona.....	3	30	7	9				3		13	39	19,087,070	416,798,907	440,299,113
Arkansas.....	50	1	171	18		1	1	1		223	20	45,977,304	791,775,495	838,668,612
California.....	94	710	107	173		4	2	2	11	207	896	783,536,397	13,221,431,092	14,128,825,228
Colorado.....	77		90				1	1		144	1	62,362,518	1,127,092,695	1,189,992,700
Connecticut.....	51	9	141	17	3			1		196	26	274,753,083	2,726,408,003	3,029,898,035
Delaware.....	13		28	15						41	15	60,851,802	516,022,786	578,836,718
District of Columbia	10	19	10	16						20	35	69,867,112	1,023,870,233	1,097,892,690
Florida.....	61		123	1			1	1		185	2	103,460,950	1,721,900,828	1,829,280,491
Georgia.....	51	20	276	7	55	1		4	1	387	28	112,385,269	1,707,973,718	1,827,732,423
Hawaiian Islands..	1	20	8	24						9	44	24,044,664	454,230,838	489,580,299
Idaho.....	15	44	121	2						48	46	19,329,516	428,775,236	465,434,708
Illinois.....	378		503			2		15	1	888	1	742,581,432	11,970,291,612	12,770,846,784
Indiana.....	125	22	359	71	8	1		4	1	497	94	178,953,492	3,082,675,065	3,269,783,241
Iowa.....	96		558	162	10	1		1		666	162	128,241,863	2,396,961,315	2,525,552,607
Kansas.....	174		436			3		2		615		93,918,066	1,634,573,342	1,732,791,889
Kentucky.....	93	17	296	17		2	1	1		392	35	112,388,242	1,611,296,503	1,728,599,937
Louisiana.....	34	32	126	32		2	1			162	65	90,925,131	1,632,816,464	1,730,643,542
Maine.....	33	8	63	63						96	71	72,738,541	712,391,717	797,638,421
Maryland.....	62	14	113	104		2	1			177	119	162,262,556	1,896,573,097	2,118,139,798
Massachusetts.....	121	84	258	107		4		3	1	386	192	770,024,477	7,786,505,485	8,624,950,922
Michigan.....	78	74	356	136	14		1	1		449	211	282,949,544	4,879,222,425	5,211,110,507
Minnesota.....	178	6	501			3		1		683	6	179,599,085	2,920,688,368	3,108,619,252
Mississippi.....	25		181	54						206	54	45,507,075	809,899,814	855,957,761
Missouri.....	79		519			4		1		603		258,894,722	4,279,700,357	4,549,626,027
Montana.....	39		73				1			112	1	24,877,623	575,530,590	601,476,154
Nebraska.....	127		290			2	1	1		420	1	70,897,697	1,326,726,399	1,401,082,075
Nevada.....	5	12	3	6						8	18	8,305,601	166,556,872	175,512,107
New Hampshire.....	51	1	59	2						110	3	60,851,326	536,585,795	599,349,476
New Jersey.....	214	42	152	100						366	142	368,159,469	4,794,555,322	5,183,966,817
New Mexico.....	24	2	23	9						47	11	13,053,540	286,922,128	300,103,761
New York.....	389	193	399	595	4	2	1	5		799	789	3,993,769,879	42,502,411,185	46,808,610,890
North Carolina.....	45	15	181	155		1	1			227	171	111,009,241	1,855,687,953	1,976,337,485
North Dakota.....	41		110	24				1		152	24	24,932,960	513,732,532	540,016,410
Ohio.....	241	47	424	141	6	2	1			673	189	463,868,004	7,189,682,916	7,696,618,581
Oklahoma.....	201		184					1	1	386	1	98,978,677	1,519,043,702	1,622,819,577
Oregon.....	22	75	48	6			2	2	1	72	84	74,019,282	1,377,594,437	1,454,194,324
Pennsylvania.....	647	86	344	71	10	2			4	1,003	163	1,143,451,112	10,955,214,993	12,168,110,036
Rhode Island.....	9	9	19	42						28	51	97,845,901	1,002,156,178	1,103,210,037
South Carolina.....	24	25	1126	7	1	2				153	32	35,001,358	685,487,037	721,749,749
South Dakota.....	35	20	135	27						170	47	24,287,577	527,434,854	552,223,458
Tennessee.....	70	30	224	40			2	4		298	72	118,944,535	1,945,897,689	2,071,385,971
Texas.....	438		439		19	3	3	2		901	3	365,519,238	6,125,633,766	6,521,609,286
Utah.....	12	13	48	2			1			67	16	31,919,496	557,182,870	590,185,358
Vermont.....	39	2	39	17						78	19	34,646,347	329,240,898	367,239,714
Virginia.....	131	23	183	56		1				315	79	135,987,508	1,786,896,630	1,931,346,466
Washington.....	38	107	86	14		2	1	1		126	123	114,148,281	2,157,608,531	2,277,815,627
West Virginia.....	76		106					1		183		73,517,024	902,287,583	980,888,448
Wisconsin.....	95	15	462	136						557	151	193,513,519	3,016,614,478	3,234,401,471
Wyoming.....	26		29							55		13,163,127	238,179,501	251,674,785
Totals.....	5,013	1,847	9,594	2,480	131	47	27	49	21	14,834	4,375	\$12,471,638,238	\$163,917,229,918	\$177,450,146,262

\* Federal Reserve Banks, Federal Intermediate Credit Banks, Federal Land Banks, Federal Home Loan Banks and their Branches. Statement figures of these banks are not included in the Capital Account, Deposit and Total Resources figures.

† Includes 55 Trust Companies and 190 Savings Banks.

‡ Includes 56 Trust Company Branches and 35 Savings Bank Branches.

§ Iowa Branch totals include 162 Offices.

|| Wisconsin State Branches include 130 Stations.

¶ Includes 27 Depository Banks.

\*\* Includes 5 Trust Companies; corporation organized under an Act entitled "An Act in relation to corporations for pecuniary profit."

## Vacation Billions

(CONTINUED FROM PAGE 28)

NEW YORK: Exceeded all records in 1946 and 1947. Look for most highly competitive season in 1948 since before

NORTH CAROLINA: Outlook very bright.

SOUTH DAKOTA: Tourist business as good as 1947—a record-breaker.

NORTH DAKOTA: Last year's tourist trade totaled \$30-odd million. Slight decrease expected in 1948.

OHIO: Increase of 15 percent in 1948 over 1947, when travellers spent an estimated \$210 million in state.

OKLAHOMA: Aside from millions spent last year by tourists, fishermen and hunters spent between \$25 and \$40 million. Banner year is expected in 1948.

OREGON: As many or more visitors than 1947.

RHODE ISLAND: State expects good season.

TENNESSEE: An increase over 1947 of approximately 15 percent.

VERMONT: Tourists will equal or perhaps exceed 1947.

VIRGINIA: Tourist volume in 1947 was around \$132 million; business will be as good or better in 1948.

WASHINGTON: State had greatest year in 1947 and anticipates 1948 will bring even larger number of vacationists.

WEST VIRGINIA: State's 1947 vacation income was 76 percent greater than 1946 estimate; 1948 volume will exceed 1947.

WISCONSIN: Banner tourist season expected in 1948, state's Centennial Year.

WYOMING: Believe 1948 vacation season will compare favorably with 1947, when an estimated \$75 million was spent by between one and a quarter and one and a half million visitors.

CANADA: Canadian Government Travel Bureau is spending about \$700,000 on advertising, aside from the amount being spent by the provinces. Ontario, for example, is spending around \$225,000 to attract vacationists. Canada is hoping for an increased influx of U. S. travellers.

*The cost of living is so high that a man can't live within his income; in fact, he can hardly live within his credit.*

This is the time of the year when hunters find there is plenty of hunting but very little finding.

May 1948

## \$4,190,000,000 Stake



The people of the United States have invested over four billion dollars in Canada. Canada still offers great opportunities to those who seek areas for business expansion, fresh markets, new sources of supply. The Royal Bank of Canada, with more than 600 branches from coast to coast, is a natural avenue through which to explore business possibilities north of the border. Our complete facilities are at the disposal of correspondent banks.

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### THE ROYAL BANK OF CANADA

ASSETS EXCEED \$2,000,000,000

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*The price  
is actual  
net asset  
value.*

Prospectus on Request

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## BANQUE DE BRUXELLES



*Founded in 1821 is glad  
to offer quality cooperation.*

TO AMERICAN BANKS

INTERESTED IN FOREIGN

TRADE WITH BELGIUM

# Savings Bond Program for Banks

IN connection with the opening of the current Security Loan Drive of the United States Treasury Department, the American Bankers Association's Treasury Savings Bonds Committee sent a letter to all banks which are members of the Association. It was signed by H. Frederick Hagemann, chairman of the committee and president of The National Rockland Bank, Boston.

The letter follows:

"Events here and abroad give spe-

cial importance and timeliness to the Security Loan Drive of the U. S. Treasury running from April 15 to June 15. I wish every banker could have been in Washington last month when leaders of Government, business and banking, including President Dodge, spoke at a meeting where plans for the drive were made.

"All agreed that the drive must succeed and that much depended on the banks of the country if we are to reach our objectives.

"There are certain specific steps that many banks have found are effective in stimulating the sale of savings bonds. Among these I might mention the following:

## Nine Suggested Steps

"(1) Appoint a senior officer to be responsible for the savings bond program in the bank. This is a permanent program. Directed by an executive officer, it can be of great value in improving customer relations.

"(2) Devote at least one advertisement a month to savings bonds, and at least one line in every ad. Convince the public you are taking a statesmanlike attitude toward the nation's economy. Print one line: 'Buy and Hold U. S. Savings Bonds' or 'Ask us about the Bond-a-Month Plan' on all annual or quarterly reports. Print or rubber stamp on customers' statements the line, 'Ask us about the Bond-a-Month Plan.'

"(3) Set a definite goal for total sales.

"(4) Set a goal for Bond-a-Month sales. For commercial banks, one out of every 4.5 checking accounts should be considered a prospect.

"(5) Carry on the savings bond program through personal contacts with customers.

"(6) Enclose savings bond material with statements, notices and other mailings to customers.

"(7) Display savings bond posters and issuing agent insignia prominently; make savings bond literature available at your counters and tables.

"(8) Install payroll savings in your own bank and promote the plan in contact with all business leaders.

"(9) Encourage purchase of savings stamps at your community's schools. This is an ideal way to teach thrift to children and at the same time get them interested in their government.

"This is a campaign not only to sell savings bonds but also to reawaken and revitalize the interest of all citizens in their government and its affairs. The success of representative government depends on the people becoming more keenly concerned with governmental activities and how their money is being spent.

"You will be supplied with helpful material from time to time direct from the Treasury.

"I know that we can count on the banks to cooperate fully in this program."

## THE FORT WORTH NATIONAL BANK FORT WORTH, TEXAS

★  
STATEMENT OF CONDITION AT CLOSE OF BUSINESS  
APRIL 12, 1948

### ★ RESOURCES

CASH AND DUE FROM BANKS . . . . .	\$ 54,564,553.69
UNITED STATES GOVERNMENT SECURITIES . . . . .	36,914,207.96
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS . . . . .	6,629,499.30
OTHER BONDS, NOTES, AND DEBENTURES . . . . .	1,651,521.13
STOCK FEDERAL RESERVE BANK . . . . .	210,000.00
LOANS AND DISCOUNTS . . . . .	56,792,663.49
INCOME EARNED—UNCOLLECTED . . . . .	290,527.08
BANKING HOUSE . . . . .	\$ 1,171,725.00
FURNITURE AND FIXTURES . . . . .	1.00
IMPROVEMENT ACCOUNT . . . . .	273,160.27
OTHER REAL ESTATE . . . . .	1.00
CUSTOMERS LIABILITY—LETTERS OF CREDIT . . . . .	16,910.00
OTHER RESOURCES . . . . .	60,230.27
TOTAL . . . . .	\$158,575,000.19

### ★ LIABILITIES

DEPOSITS:	
INDIVIDUAL . . . . .	\$110,103,051.14
BANK . . . . .	28,384,827.97
U. S. GOVERNMENT . . . . .	2,336,398.58
OTHER PUBLIC FUNDS . . . . .	7,870,677.69
LETTERS OF CREDIT ISSUED . . . . .	16,910.00
INCOME COLLECTED—UNEARNED . . . . .	247,022.01
RESERVE—TAXES, INTEREST, AND EXPENSE . . . . .	365,163.33
RESERVE—AMORTIZATION OF BOND PREMIUMS . . . . .	655,754.80
OTHER LIABILITIES . . . . .	189.84
CAPITAL ACCOUNT:	
COMMON STOCK . . . . .	\$ 3,500,000.00
SURPLUS . . . . .	3,500,000.00
UNDIVIDED PROFITS . . . . .	595,004.83
GENERAL RESERVE . . . . .	1,000,000.00
TOTAL . . . . .	\$158,575,000.19

U. S. Government and other securities carried at \$10,045,425.39 in the above statement are deposited to secure public funds and for other purposes required or permitted by law

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





# The next time you hear voices —LISTEN!

IT MAY BE your conscience speaking.

It may be saying: "Save some of that money, mister. Your future depends on it!"

**Listen closely next time.** Those are words of wisdom. Your future—and that of your family—*does* depend on the money you put aside in savings.

If you can hear that voice speaking clearly, do this:

Start *now* on the road to *automatic* saving by signing up on your company's Payroll Savings Plan for the purchase of U.S. Savings Bonds.

There's no better, no surer way to save money. Surer because it's automatic . . . better because it pays you back four dollars for every three you invest.

**Do it now.** If you can't join the Payroll Savings Plan, tell your banker to enroll you in the Bond-A-Month Plan that enables you to purchase a bond a month through your checking account.

Remember — better save than sorry!

## Automatic saving is sure saving — U.S. Savings Bonds



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## World Trade, ERP and the Banker

(CONTINUED FROM PAGE 47)

house in order. However, during this period which has involved large American governmental loans abroad, these problems are under almost constant discussion with foreign governments.

Assisting in the rebuilding of the structure of foreign currencies on a stable basis has been one of the most taxing responsibilities which the American Government has had since the war. There is still a long way to go before this stability can be achieved. Furthermore, the American Government has been a party to a great deal of constructive work through its participation in the International Bank and particularly in the International Monetary Fund. There have been many criticisms of the International Monetary Fund for not being more effective in doing what it was originally established to do, namely, creating stability in the international exchanges. Much of this criticism arises because of a lack of knowledge of the tremendous amount of effective work which has been done by the officers of the Fund and its executive board.

The authorities of the Fund are in constant consultation with the financial authorities of the countries represented in the Fund. It is too much to expect that action by the Fund itself can deal with these highly complicated problems. But the officials of the Fund have had a wealth of experience, and this combined knowledge is a reservoir from which many countries have drawn as they have struggled with their financial problems.

In the practical day to day work of the American banker,

there is no substitute for detailed knowledge of the conditions affecting the rates of exchange on each currency.

**Q: Mr. Blaisdell, just one more question: Should American bankers endeavor to encourage private investment abroad? If so, in what parts of the world?**

**A:** A detailed answer to your question would call for a long discussion. Many commercial banks have connections with investment firms and some have their own investment affiliates. Quite a few of these firms specialize in foreign investment.

Knowledge of the fundamentals of investment is just as essential as ever. Today the investment banker must be even more flexible and better informed than his predecessors. To appraise the risk factor involved in any foreign investment he must know a great deal about the complex and rapidly changing political and economic conditions abroad.

Generalizations with regard to these matters are probably of more harm than help. There is no substitute in this field for the broadest kind of analysis and appraisal of economic and political conditions as well as detailed knowledge of the conditions surrounding any particular investment. One of the principal functions of the OIT is to keep on hand current information in these fields, which is available to all who are directly concerned with foreign investment. The work of the OIT is in no way a substitute for private investigation and analysis. It is only a supplement for investigations which bankers and others concerned directly with investments have to make on their own responsibility.

### SALUTING . . . a long-time user!



#### THE PARK NATIONAL BANK, KNOXVILLE, TENNESSEE

This progressive bank adopted Kerr CHANGEPOINT Fountain Pens 'way back in 1937 soon after we initiated the idea of chain attached fountain pens for bank check counters. Since then, thousands upon thousands of banks, large and small, have standardized on Kerr Pens for better customer service.

*Write for illustrated literature and prices. Let us tell you more about Kerr Pens*

**W. K. KERR PEN COMPANY**

**TULSA 5, OKLAHOMA**

# NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Complete Banking and Trust Service

STATEMENT OF CONDITION, APRIL 12, 1948

## RESOURCES

Cash on Hand and Due from Other Banks . . . . .		\$ 301,186,066.00
United States Government Securities . . . . .		585,280,286.22
Stock of the Federal Reserve Bank . . . . .		1,500,000.00
Other Securities . . . . .		70,399,809.18
Loans:		
Loans and Discounts . . . . .	\$ 185,099,958.17	
Real Estate Mortgages . . . . .	51,406,504.23	236,506,462.40
Branch Buildings and Leasehold Improvements . . . . .		1,533,119.92
Accrued Income Receivable . . . . .		3,511,527.41
Customers' Liability on Acceptances and Letters of Credit . . . . .		3,412,476.38
		<u>\$1,203,329,747.51</u>

## LIABILITIES

Deposits:		
Commercial, Bank and Savings . . . . .	\$1,062,855,427.74	
United States Government . . . . .	43,670,054.06	
Other Public Deposits . . . . .	28,995,197.47	\$1,135,520,679.27
Accrued Expenses and Taxes Payable . . . . .		1,374,894.50
Income Collected—Unearned . . . . .		1,257,662.13
Common Stock Dividend No. 28, Payable May 1, 1948 . . . . .		525,000.00
Acceptances and Letters of Credit . . . . .		3,412,476.38
Reserves . . . . .		5,505,858.35
Capital Funds:		
Common Stock . . . . .	\$ 15,000,000.00	
Surplus . . . . .	35,000,000.00	
Undivided Profits . . . . .	5,733,176.88	55,733,176.88
		<u>\$1,203,329,747.51</u>

*United States Government Securities carried at \$74,229,308.65 in the foregoing statement are pledged to secure public deposits, including deposits of \$10,938,713.07 of the Treasurer-State of Michigan, and for other purposes required by law.*

## DIRECTORS

HENRY E. BODMAN  
ROBERT J. BOWMAN  
PRENTISS M. BROWN  
CHARLES T. FISHER  
CHARLES T. FISHER, JR.  
JOHN B. FORD, JR.

B. E. HUTCHINSON  
JAMES INGLIS  
WILLIAM S. KNUDSEN  
ALVAN MACAULEY  
WALTER S. McLUCAS

W. DEAN ROBINSON  
NATE S. SHAPERO  
R. PERRY SHORTS  
GEORGE A. STAPLES  
R. R. WILLIAMS  
C. E. WILSON

## TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

Member Federal Deposit Insurance Corporation

# Bankers View the Housing Prospects

(CONTINUED FROM PAGE 76)

construction in the state; rental building is declining rather than increasing in proportion to single or double dwelling units.

He pointed out that Californians have always utilized new materials in homes and factories. They are turning even more to metals, glass, aluminum window sashes, wallboard and acoustic plaster.

"Assembly line methods right on the building lot have long been in common use in California," he said. "Hand-sawing has become almost a thing of the past here. Materials are assembled on location and the crew puts them through on a mass production basis."

Use of factory standardized building materials is small in California, he reported. The prefab house has not caught on here, either because people don't seem to like it or because the cost is still too high. In some instances, prefab houses would violate local building codes, he believes, which have not been modernized since the war and in some instances have become less flexible.

## ...in Baltimore—conventional building styles and methods

**I**N THE Baltimore area the building boom will maintain its present high tempo for six to nine months but will begin to show a decline before the end of 1948, in the opinion of Stanley B. Trott, vice-president of the Maryland Trust Company.

Mr. Trott has studied the building situation in Baltimore and has consulted with officials of building and loan associations to ascertain their views on the

current real estate situation and its future prospects. He said that any views he might express were opinions, "not conclusions based on our own experience." But he added that those he had consulted had agreed with his views on the Baltimore situation.

Mr. Trott believes that in Baltimore the residential building boom will reach its peak some time next Summer, and probably will show a slow decline thereafter. Commercial construction probably will continue on a major scale until next Autumn, but then a decline can be expected.

Values of houses already built have definitely begun to drop, he said, probably about 5 percent during 1946 and 10 percent in 1947, with the decline still under way, although slowly, in 1948.

During the first part of 1948 the value of new building will probably show an increase over 1947, but during the latter part of the year a decline from the 1947 figure is to be expected, he said, so that for the year 1948 as a whole the total value will be about the same as in 1947.

There is some danger of a shortage of home building credit in the Baltimore area, according to Mr. Trott, probably because of insufficient funds plus a general extension of restrictive policy. In general, he added, there has been a tightening up in credit extension on the part of banks and building associations, which are not disposed to lend as generously as in the recent past, and also because much of available mortgage money has been used up.

He believes the volume of lending for GI home building has declined greatly.

If the government policy of pushing GI home construction with full financing is continued, he said, there will be a definite need for a secondary market. Generally speaking, the tendency to require a down payment in connection with GI mortgages is increasing.

Mr. Trott said he believed the prices of new construction were now inflated to the point where some mortgages might be unsound. Prospective home builders in the Baltimore area have definitely become more cautious than in the past, some of them delaying construction until building prices begin to go down or until labor and materials are more plentiful.

Rental construction in Baltimore was termed "very small" by Mr. Trott in comparison with the volume of single-family homes. Baltimore, he pointed out, is still a home-owning city, and the likelihood is that the tradition that every man should own his own home will be maintained.

Building materials do not appear to be in full supply, but this scarcity may be more apparent than real, Mr. Trott reported. Items which seem to be short include nails, heating equipment, cast-iron pipe, wood flooring and trimming. But construction is "not too much" held up because of the apparent shortages, and it may be that builders can get the materials they require in a sort of "gray market."

Prefabricated building in Baltimore was termed "very limited" by Mr. Trott. There are several communities on the fringes of the city where prefabs are being put together in relatively small numbers, and these are being occupied because other types of housing are in very short supply. There is very little industry-engineered building in this area. So far as can be seen few builders, if any, are using assembly-line methods in construction now under way.

The Baltimore building code, Mr. Trott said, has not been modernized since the war, at least to the extent of authorizing the use of new materials.

In general, the builders in the Baltimore area are sticking to the old-established, conventional styles of houses and methods of building. Baltimore is a conservative city and the people by and large have an attachment to the two-story row house which is typical of the older sections of the city. New-fangled architectural styles and materials seemingly have small appeal to Baltimoreans. Even those engaged in building the more expensive detached type of home appear to prefer the established, conservative architecture.

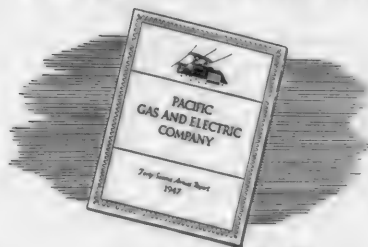


Prentiss Jackson, center, BANKING's advertising manager, guides a visiting banker through BANKING's bank building exhibit, displayed during the Eastern Regional Savings and Mortgage Conference of the American Bankers Association. Extreme right: Robert M. Rohrbach, BANKING's circulation manager



# PACIFIC GAS AND ELECTRIC COMPANY

## Highlights of the 42nd Annual Report 1947

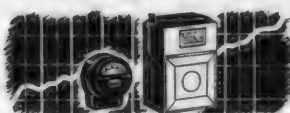


### REVENUES



Stimulated by the large increase in service outlets and high levels of production and employment, gross revenues advanced \$16,306,000, or about 10%, to a record total of \$184,587,000. The Company's charges for gas and electric service to the vast majority of customers remained unchanged during 1947 and were well below prewar levels. Certain rate schedules covering service to industrial and commercial customers were adjusted to reflect increases in fuel oil prices.

### SALES



Sales of electricity turned sharply upward in 1947, reaching a new peak of 8,473,000,000 kilowatt-hours, an increase of 953,000,000 kilowatt-hours or 12.7% over 1946. In 1947 residential electric customers used an average of 1572 kilowatt-hours of electricity. Average revenue received from this class of service was 2.61 cents a kilowatt-hour, 19% below 1940. For the 31st consecutive year the volume of gas sold established a new high record, totaling 147,991,000,000 cubic feet.

### CUSTOMERS



There was a net addition of 125,798 customers to our lines during the year. This gain far exceeded that in any year in our history, and was more than double the average annual increase in the preceding ten-year period. For the first time the number of customers passed the two million mark and by the end of the year service was being supplied to a total of 2,017,474 customers. Of these, 1,137,398 were electric, 863,542 gas, and 16,534 water and steam customers.

### EARNINGS



Earnings for the common stock were \$2.57 per share on an average of 6,565,358 shares outstanding during the year. These earnings compare with \$2.72 per share in 1946 on 6,261,274 common shares outstanding throughout that year, and with an average of \$2.37 per share during the past five years. Cash dividends on the common stock were continued at the annual rate of \$2.00 per share which has been in effect for many years.

### CONSTRUCTION PROGRAM



Our construction program has gained momentum despite delays caused by the inability of manufacturers to deliver equipment on schedule. Total expenditures for construction in 1947 reached \$100,302,000. Special emphasis was placed on increasing electric generating capacity. Our program calls for the installation of an additional 1,400,000 horsepower of electric generating capacity by 1951, of which 525,000 horsepower will become available within the next twelve months.

### STOCK OWNERSHIP



At the close of the year the Company had 141,293 stockholders, or 2374 more than a year previously. The list of stockholders included 59,000 women, 38,000 men, 28,000 joint tenancies, 12,000 trustees and other fiduciaries and 4,000 corporations, partnerships and institutional investors. Holdings averaged 90 shares or \$2250 par value per stockholder. For every employee on its payroll, the Company has nine stockholders or direct owners.

NINETEEN FORTY-SEVEN was the 94th year of operations of the Company and its predecessors. Measured by any standard, it was the busiest period in our long history.

The year's operations reflect the unprecedented growth of population and industry in Northern and Central California during and after the war. Since the 1940 census the population of the State has increased over 3,000,000, chiefly as a result of one of the great mass migrations of history. About one-half this growth occurred in the 46 counties into which our lines extend.

Unfortunately, there is every indication that 1948 will be a year of deficient water supply for hydro-electric operations and for agricultural purposes. The winter's drought occurred at a time when the Company's power reserves were at a minimum. Wartime restrictions on construction, shortages of materials and prolonged postwar strikes in the plants of

equipment manufacturers delayed the construction of additional generating capacity.

To insure effective and systematic conservation of electricity throughout the northern and central areas of the State, the California Public Utilities Commission on February 24, 1948, issued an order prescribing curtailment rules for the duration of the present emergency.

We regret exceedingly any inconvenience or hardship caused our customers by these rules. They may be assured that we have done and will continue to do everything possible to meet the problems created by the combination of circumstances which resulted in this emergency.

*E. J. Beckett*  
President

## PACIFIC GAS AND ELECTRIC COMPANY

245 MARKET STREET • SAN FRANCISCO 6, CALIFORNIA

A copy of our 1947 Annual Report to Stockholders may be obtained on application to E. J. Beckett, Treasurer



## News for Country Bankers

(CONTINUED FROM PAGE 57)

ticularly for men on the "firing line" of agricultural lending. The program included discussion of agricultural economics and production, sound livestock practices, farm financing and the future outlook.

Two one-day agricultural conferences were recently sponsored by the Oregon Bankers Association. The first conference was held at the Oregon State

College, Corvallis, and the second in Pendleton. The programs for the two meetings followed the same general pattern, consideration being given to the varying types of agriculture in eastern and western Oregon. Subjects covered included: Oregon agriculture, market possibilities, competition for markets, production facilities, and banking practices.

The program of the Florida Bankers Association's bankers agricultural school at Gainesville on June 7-11 is intended to give assistance to bankers from the technical aspects of general agriculture, forestry, citrus and live-

stock. For the first day instruction will be general in nature, with emphasis on agricultural economics and soil conservation. During the remaining four days the students will make their selection of one of the four specialties they want to follow. Morning sessions will be in classrooms and afternoons will be devoted to field trips.

The bank management clinic of the Kansas Bankers Association at the University of Kansas, Lawrence, on June 8-10, will cover numerous bank operations, including all forms of credit—agricultural credit, farm machinery financing, etc.

### Farm Appraisal Conference

Several nationally known farm appraisal specialists will appear on the program of a three-day appraisal conference at the University of Illinois College of Agriculture, Urbana, on June 15-17, along with faculty members. Anyone interested in farm appraising is invited to attend the conference.

The program will include inspection trips to East Central Illinois farms, where professional appraisers will give reports on the farms and the students will discuss their appraisal methods. Other discussions will cover changing land prices through the years, normal



## STATEMENT OF CONDITION

*At the close of business April 12, 1948*

### ASSETS

Cash on Hand and Due from Banks	\$ 98,843,144.54
United States Securities Owned . . .	51,918,993.92
Other Stocks and Bonds . . . . .	8,353,111.25
Loans and Discounts . . . . .	135,222,436.81
Banking House and Equipment . . .	2,477,938.19
Other Assets . . . . .	1.00
	<b>\$296,815,625.71</b>

### LIABILITIES

Capital Stock . . . \$	7,500,000.00
Surplus Fund . . .	7,500,000.00
Undivided Profits,	
Net . . . . .	6,082,162.47 \$ 21,082,162.47
Reserved for Taxes, Etc. . . . .	1,965,656.79
<b>DEPOSITS:</b>	
U. S. Gov't . . .	4,684,307.18
Other Deposits	269,083,499.27
	<b>273,767,806.45</b>
	<b>\$296,815,625.71</b>

**First National Bank**  
in Dallas

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

### CALENDAR

#### Agricultural Schools-Clinics

June 7-11	Florida Bankers Association, Bankers Agricultural School at University of Florida, Gainesville
June 8-10	Kansas Bankers Association, Bank Management Clinic at University of Kansas, Lawrence
June 14-25	Iowa Bankers Association, Agricultural Credit School at Iowa State College, Ames
June 16-17	Connecticut and Rhode Island bankers associations, Farm Credit School at University of Connecticut, Storrs
July 8-10	Nebraska Bankers Association, Bankers Clinic at Doane College, Crete
Aug. 16-20	New York State Bankers Association, Bankers School of Agriculture at Cornell University, Ithaca
Aug. 25	Arkansas Bankers Association, Agricultural Seminar at University of Arkansas, Fayetteville
Oct. 16-17	Pennsylvania Bankers Association, School of Agriculture at Pennsylvania State College, State College

value concept, capitalization rates, soils, use of fertilizers, insect pests, plant breeding, farm mechanization and industrial use of farm products.

Further details may be obtained from Associate Dean Robert R. Hudelson.

### Bank-Farm Leader Conferences

A series of correspondent bank and farm leader conferences were sponsored by the Wachovia Bank and Trust Company in three North Carolina cities during April. The first was held in Charlotte on April 21 and was followed by meetings in Winston-Salem on the 22nd and in Raleigh on the 23rd.

Bank representatives in North Carolina, South Carolina and southern Virginia were invited to the meeting nearest them and to bring with them county agricultural agents and U. S. Soil Conservation field men in their sections. Discussion at the conferences centered on the development of the agricultural resources of the Carolinas-Virginia region.

Louis Bromfield, noted author, spoke on "Soil—The Foundation of Our Economy" at a luncheon opening each conference. Dr. Earl Buntz, head of the department of agricultural economics of Purdue University, discussed "Prices and Peace of Mind" and J. Graham Morrison, Lincoln County agricultural agent, spoke on "Building Our Soil" at the afternoon sessions. A technicolor film, "Soil and the South," was shown.

Each conference was terminated with a social hour and a barbecue dinner. Robert M. Hanes, Wachovia president, presided at the Winston-Salem conference and concluded the meeting with a dinner at his home.

### Statewide Banker-Farmer Meeting

The second statewide banker-farmer conference, sponsored by the agricul-

Several prizes were awarded to farmers present at a banker-farmer meeting at Pulaski, Virginia, which was attended by more than 200. At speakers' table, left to right, Cloyd D. Glendy, Bank of Dublin; Curtis C. Jordan, Pulaski National Bank; and Edward A. Wayne, Federal Reserve Bank, Richmond, guest speaker



tural committee of the Virginia Bankers Association and the Virginia Polytechnic Institute, was held at Natural Bridge in April. The purpose of the meeting was to discuss the agricultural industry, its problems, and how the financial institutions and professional agricultural workers can cooperate to promote a sound agricultural economy in the state.

The program included several out-of-state bankers and educational authorities, as well as industrial leaders, University of Virginia and VPI professors, Extension Service representatives, and Virginia bankers. Topics discussed were:

"Developing Agricultural Programs at the Community Level," "Working with Farm Youth," "Efficiency in Farming Operation," "Parity and Quotas," and "Forestry, an Important Source of Farm Income in Virginia."

William M. Early, Jr., chairman of the VBA agricultural committee, was in charge of program arrangements.

### "Attention Farmers"

The selection of Vaughn B. Costley to manage the newly created farm service department at the First National Bank of Miami, Oklahoma, was announced in an advertisement 8 1/4" x

## ALL OF THE SERVICES

## A CORRESPONDENT SEEKS

## ... AND MORE

A wide range of services is found here by correspondent banks. The collection service is fast and competent. A wide experience in foreign banking is offered, with connections in almost every accessible country. A complete service in United States Government and Municipal bonds; deposit facilities and safekeeping. In addition there are other opportunities for out-of-town banks to assist their customers through our banking, trust and bond departments.

## THE NORTHERN TRUST COMPANY

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20" addressed to the farmers of Northeast Oklahoma with an eye-catching head, "Attention Farmers!" The ad carried a picture of Mr. Costley and a brief biographical sketch. It also outlined his duties in seven categories of particular interest to the farmers of that section, as follows: Livestock, dairy cattle, soil and water conservation, crops, gardens and orchards, agricultural engineering, and poultry.

Customers and non-customers of the bank were invited to use Mr. Costley's services and were told that he would spend the greater part of his time in the rural areas meeting the farmers.

Mr. Costley was reared on an Oklahoma farm and was active in 4-H Club work for eight years, carrying livestock, dairy and crop projects. He is a graduate of Oklahoma A & M College, where he majored in livestock. After his graduation in 1940, he served as assistant county agent in Payne County for two years before entering the U. S. Navy. After his discharge from active duty as an ensign, he again became an assistant county agent.

### Soil Awards

Certificates of merit for excellency in soil conservation practices in 1947 have

been presented to 359 farm operators in 84 counties by the agricultural committee of the Kansas Bankers Association. Certificates of merit were also given to the five Kansas counties which excelled all others in their respective zonal areas in soil conservation methods.

Award presentations were made either by county key bankers or officers of county bankers associations in connection with farm organization or county banker meetings. Kansas newspapers cooperated in giving wide publicity to the presentation ceremonies.

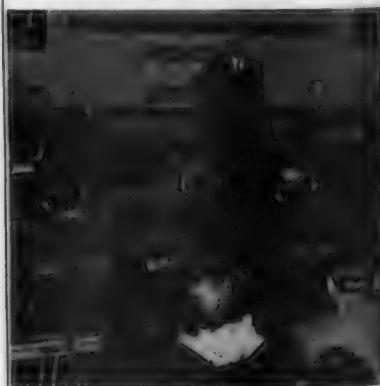
### Illinois Announces Youth Plan

A 10-year program of giving recognition to farm youth groups for superior achievement and progress in agriculture has been announced by the Illinois Bankers Association. A system for awarding plaques and ribbons to 4-H Clubs, both boys and girls, Future Farmers of America, and Future Homemakers of America was devised by a subcommittee of the agricultural committee of the IBA, of which O. C. Daggett, The National Bank of Sterling, is chairman.

County 4-H boys' groups showing the best all-around programs on soil conservation will receive suitable plaques for permanent possession. In addition, non-winning counties showing progress in soil conservation projects will receive certificates of merit. The 4-H girls' division demonstration teams will receive ribbons for excellence in this activity.

Under the IBA award plan, the FFA chapter adjudged best in its section (there are 20 sections in the state) by the Illinois State Board of Vocational

"The Farmers' Part in the Fight Against Inflation" was the theme of a panel discussion at the 1948 Rhode Island Agricultural Conference and Southern New England Farm and Home Show in Providence. A.B.A. Deputy Manager A. G. Brown is shown speaking



## Statement of Condition, April 12, 1948

### RESOURCES

Cash and Due from Banks	\$ 96,294,379.04
United States Government Obligations (Due or Callable within one year \$63,204,692.41) (Due or Callable 1 to 5 years \$188,871,506.00)	313,036,501.88
State and Municipal Securities (Due within 5 years \$3,257,526.97)	5,741,910.41
Corporate and Other Securities (Including Detroit Savings Safe Deposit Company Stock \$100,000.00) (Due within 5 years \$10,269,134.09)	14,027,822.32
Loans and Discounts	60,868,313.25
Real Estate Mortgages and Loans	54,956,159.72
Federal Reserve Bank Stock	356,100.00
Bank Properties and Equipment (Main Office and Thirty-One Branch Offices)	2,633,331.74
Accrued Interest and Prepaid Expense	1,715,874.24
Customers Liability on Acceptances and Credits	58,644.78
Other Assets	110,172.06
<b>Total</b>	<b>\$549,799,212.47</b>

### LIABILITIES

Commercial Deposits:	
Individuals, Corporations and Others	\$222,338,805.30
U. S. Government	9,568,629.92
Other Public Funds	24,866,775.53
Savings Deposits	256,774,210.75
Total Deposits	272,271,714.97
Unearned Interest	529,045,925.72
Accrued Dividends, Expenses and Other Liabilities	621,679.28
Acceptances and Letters of Credit	1,315,580.64
Preferred Stock (168,500 Shares)	58,644.78
Common Stock (175,000 Shares)	3,370,000.00
Surplus	3,500,000.00
Preferred Stock Retirement Provision	5,000,000.00
Undivided Profits	2,750,000.00
General Reserves	2,347,844.43
<b>Total</b>	<b>1,789,537.62</b>
	<b>18,757,382.05</b>
	<b>\$549,799,212.47</b>

United States Government Securities in the foregoing statement with a par value of \$24,965,000.00 pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$4,444,179.69.

# THE DETROIT BANK

COMMERCIAL and SAVINGS BANKING

MAIN OFFICE, GRISWOLD at STATE

DETROIT, MICHIGAN

31 Branch Offices Throughout the City

Member of Federal Deposit Insurance Corporation



Education will gain one year's possession of a plaque signifying sectional honors. The rotating plaque will become the permanent possession of the chapter winning sectional honors for the most times during the 10-year period. In addition to the 20 traveling plaques, the IBA will award each year a permanent plaque to the chapter among the sectional winners adjudged the best in the state.

Awards to the Future Homemakers, an organization similar to FFA composed of high school girls, will follow the FFA plan, except that there are 22 FHA sections in Illinois.

### Scholarship Plan

The agricultural committee of the Florida Bankers Association, working through the association's network of county "advisory" bankers, is striving to arouse greater interest on the part of agricultural youths, the schools and the boards of county commissioners in bringing into fruition the state law permitting each county to create a four-year scholarship to the agricultural department of the University of Florida at Gainesville.

The rules governing the scholarship awards as set forth in the law are briefly, as follows: (1) The scholarships shall be awarded by competitive examinations under rules and regulations prescribed by the boards of county commissioners and shall entitle holders to full courses of instructions at the University of Florida; (2) applicants for scholarships must be eligible for admission to the University and those receiving these awards must sign a certificate agreeing, if capable and otherwise qualified, to engage in agricultural pursuits in the state; and (3) the county commissioners are authorized to appropriate sufficient funds to pay for rooms and board of persons receiving these scholarships.

It is estimated that the four-year value of the scholarships is from \$1,800 to \$2,400. As long as one student is successfully pursuing a course of instruction from a county no further scholarships may be awarded.

C. H. McNulty, chairman of the FBA's agricultural committee, advises the association's "advisory" bankers that the committee is striving to get a scholarship awarded from each county of the state for the fall term of 1948.

### Study of Farm Tenure

The effect of tenure policy on the position of the farm family is discussed by 76 agricultural experts in "Family Farm Policy," a new 518-page book

edited by Joseph Ackerman and Marshall Harris, and published by The University of Chicago Press.

Included in the book are the proceedings of an international conference at the University of Chicago a year ago, which was inspired by the Food and Agriculture conferences in Hot Springs and Quebec.

### Bank Assistance Survey

A statewide study of 469 Indiana banks by the Department of Agricultural Extension of Purdue University reveals that agricultural agents rated only 18.1 percent of the banks as "highly helpful" in youth activities. Another 24.9 percent were rated as "helpful," while 24.9 percent were listed as "passively helpful" and 32.1 percent as "not interested." Actually, the agricultural agents gave 43 percent of the 469 banks a cooperative rating in the youth work of the Extension Department.

The Indiana Extension Service was inspired to make this statewide study as a result of a nationwide survey made by the Agricultural Commission of the American Bankers Association two years ago to determine how banks can give greater assistance to youth groups.



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Resting snugly on runners on top of the check drawer, the Britt Filing Tray is always in the best working position... simply remove the check from the tray above and drop into correct position. There's no constant shifting of the head or eyes from side to side and the chances of mis-filing have been greatly reduced.

Speed up your operation. Order your supply today.

**MAIL TODAY!**

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Yes, you may send me — Britt Filing Trays postpaid. Also enclose free of charge a supply of "Lane System" Guides.  
☐ Send invoice ☐ Check enclosed

BANK \_\_\_\_\_

ADDRESS \_\_\_\_\_

Requested by \_\_\_\_\_

# Anti-Inflation Program on the Air in New York

THE National Broadcasting Company cooperated with the anti-inflationary program of the A.B.A. by giving time to an address on the cost of living and inflation by William A. Kielmann, President of the New York State Bankers Association. Mr. Kielmann is also President of the Peoples National Bank of Lynbrook, L. I. The talk proved so effective that copies are being made available through all of the secretaries of state associations for whatever use may be made of it.

"The banks have recognized the dangers inherent in an overexpansion of credit," said Mr. Kielmann. "Therefore, through the American Bankers Association they have embarked on a nationwide program which aims to curtail loans for non-productive purposes. This does not mean that we intend to stifle progress and to keep credit away from American industry. That could create a reverse effect and bring about a depression. The only loans which banking intends to eliminate are those which

would send the prices of things which you buy higher and higher. I think there is a fine illustration of what I mean in a story told to me the other day by a rural banker. It appears a man came to him to seek a loan which would provide additional food for some 100,000 turkeys which were at that moment ready for the market. He felt that by keeping them off of the market for another several months, he would be able to reap the benefit of a better price. Yet to do so, would require additional money for food. His banker refused to make the loan, on the theory that such a loan would be inflationary. Surely the man had ample security for the loan, was a successful operator and the bank would have gained the interest on the face amount of the transaction. Yet, because by keeping these birds off the market the farmer would have exerted a pressure in an upward direction on prices, the banker refused to make the loan, and urged the farmer to sell.

"Take the opposite case. A farmer comes to a bank and seeks a loan to underwrite the cost of hatching eggs, and funds to tide him over during the incubation period and until the birds are ready for market. Here is a loan which aids in production. Without funds to begin operations, this farmer could not make any contribution to our food supply. This, then, would be what is termed a 'productive loan'."

The speaker said in conclusion, "Let us resolve that the progress of past generations will be our pattern for the future. We must have faith that we can carry on to greater achievement and this being so, we cannot fail."

## Republic National Bank of Dallas

Statement of Condition, April 12, 1948

### RESOURCES

Cash and Due from Banks . . . . .	\$ 93,363,819.02
U. S. Government Securities . . . . .	36,045,562.54
State, Municipal and Other Securities . . . . .	2,566,177.54
Stock in Federal Reserve Bank . . . . .	750,000.00
Loans and Discounts . . . . .	126,751,798.82
Bills of Exchange and Commodity Loans . . . . .	17,033,824.26
Bank Premises and Equipment . . . . .	2,777,257.82
Customers' Liability—Acceptances and Letters of Credit . . . . .	2,116,084.81
<b>TOTAL . . . . .</b>	<b>\$281,404,524.81</b>

### LIABILITIES

Capital . . . . .	\$ 12,000,000.00
Surplus . . . . .	13,000,000.00
Undivided Profits . . . . .	1,622,014.07
Reserve for Contingencies . . . . .	1,799,978.58
Reserve for Taxes, Etc. . . . .	839,133.94
Acceptances and Letters of Credit . . . . .	2,116,084.81

### DEPOSITS:

Individual . . . . .	\$175,249,261.89
Banks . . . . .	72,222,207.63
U. S. Government . . . . .	2,555,843.89
<b>TOTAL . . . . .</b>	<b>\$281,404,524.81</b>

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INTO A POPULAR SONG.**

BANKING

## Combined Statement of Condition

# FLORIDA NATIONAL GROUP OF BANKS

As at the close of business April 12, 1948

### RESOURCES

Loans and Discounts.....		\$ 73,653,439.55
Banking House, Furniture & Fixtures		
Including Office Buildings.....		5,304,094.68
Other Real Estate Owned.....		175,941.06
Prepaid Expenses.....		120,592.02
Other Resources.....		19,616.42
Customers Liability A/C Letters of Credit.....		171,209.16
Accrued Interest and Income Receivable.....	\$ 1,011,460.55	
U. S. Government Securities.....	160,970,414.40	
Florida County and Municipal Bonds.....	22,959,412.31	
Federal Reserve Bank Stock.....	561,600.00	
Other Securities.....	1,514,433.47	
Cash on Hand and Due from Banks.....	112,691,717.30	299,709,038.03
		<b>\$379,153,930.92</b>

### LIABILITIES

Capital Stock.....	\$ 7,200,000.00	
Surplus.....	13,687,500.00	
Undivided Profits.....	1,704,888.21	\$ 22,592,388.21
Reserve for Contingencies.....		1,815,763.31
Reserve for Taxes, Interest, etc.....		1,643,226.84
Interest & Income Collected, Not Earned.....		397,932.41
Dividends Declared, Not Yet Payable.....		77,937.50
Letters of Credit.....		172,157.16
Other Liabilities.....		416.37
Deposits.....		352,454,109.12
		<b>\$379,153,930.92</b>

FLORIDA NATIONAL BANK  
at Jacksonville

FLORIDA NATIONAL BANK  
& TRUST COMPANY  
at Miami

FLORIDA BANK &  
TRUST COMPANY  
at Daytona Beach

FLORIDA BANK  
at Chipley

FLORIDA BANK  
at Bushnell

FLORIDA BANK  
at Orlando

FLORIDA NATIONAL BANK  
at Pensacola

FLORIDA NATIONAL BANK  
at Ocala

FLORIDA NATIONAL BANK  
at Belle Glade

FLORIDA BANK  
at Port St. Joe

FLORIDA BANK  
at Fort Pierce

FLORIDA NATIONAL BANK  
at Key West

FLORIDA NATIONAL BANK  
at Bartow

FLORIDA NATIONAL BANK  
at Coral Gables

FLORIDA BANK  
at Starke

FLORIDA NATIONAL BANK  
at St. Petersburg

FLORIDA BANK  
at Madison

FLORIDA BANK &  
TRUST COMPANY  
at West Palm Beach

FLORIDA BANK  
at Gainesville

FLORIDA NATIONAL BANK  
at Lakeland

THE FIRST NATIONAL BANK  
of Fernandina

FLORIDA NATIONAL  
GROUP of BANKS



*Statement of Condition, April 12, 1948*

Cash and Due from Banks.....	\$ 571,430,085.87
United States Government Obligations.....	1,097,986,763.24
Other Bonds and Securities.....	76,672,068.76
Loans and Discounts.....	426,652,280.91
Stock in Federal Reserve Bank.....	4,050,000.00
Customers' Liability on Acceptances.....	778,290.68
Income Accrued but Not Collected.....	5,910,864.10
Banking House.....	10,125,000.00
	<u>\$2,193,605,353.56</u>

Deposits.....	\$2,002,333,255.97
Acceptances.....	778,290.68
Reserve for Taxes, Interest, and Expenses.....	8,992,301.38
Reserve for Contingencies.....	18,110,837.60
Income Collected but Not Earned.....	533,893.20
Capital Stock.....	60,000,000.00
Surplus.....	75,000,000.00
Undivided Profits.....	27,856,774.73
	<u>\$2,193,605,353.56</u>

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# Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature which will supplement the material indexed in 1947 by the A.B.A. Small Business Credit Commission.



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# Homework to Do

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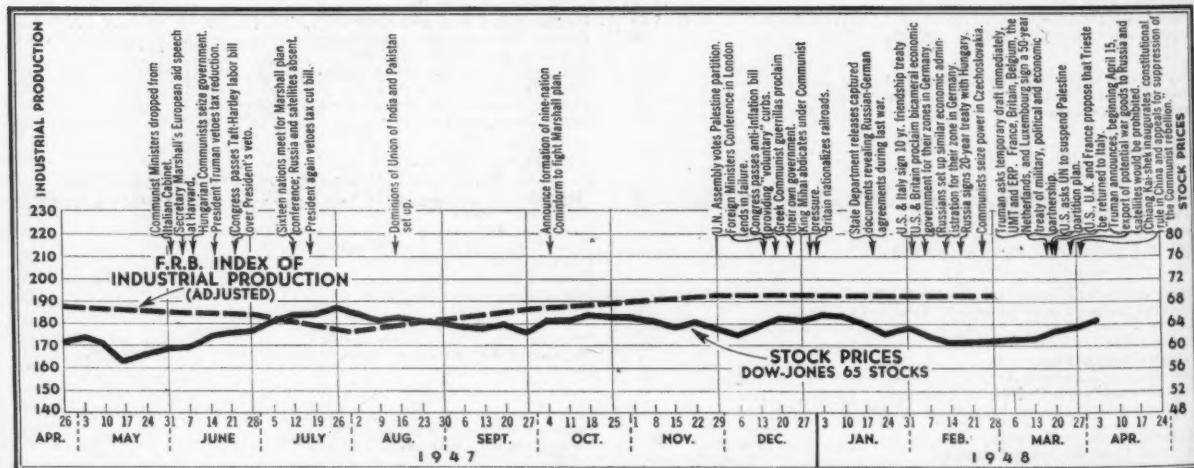
11. The passage by the Senate of the \$400 million aid program for Greece and Turkey, April 22, 1947.
12. The failure of the foreign ministers conference in Moscow, April 24, 1947.
13. Secretary Marshall's "plan" speech at Harvard, June 5, 1947.
14. The withdrawal of Britain from India, August 15, 1947.
15. The organization of a Cominform to fight the Marshall Plan, October 5, 1947.
16. The failure of the foreign ministers conference in London, December 15, 1947.
17. The Communist coup in Czechoslovakia on February 25, 1948, culminating a long series of similar actions in eastern Europe.
18. President Truman's request for draft, universal military training and ERP, March 17, 1948.
19. The signature of a 50-year treaty of military and economic alliance by France, Britain, Belgium, Netherlands and Luxemburg, March 17, 1948.
20. The withdrawal of U. S. support from Palestine partition plan, March 19, 1948.
21. Communist-inspired rebellion, Bogota, April 9.
22. The defeat of Communists in Italy, April 18, 1948.

The list is far from complete and does not show, for example, MacArthur's success in handling Communists in Japan. Nor does it show the success of the powers that be in weeping about inflation with one eye and winking with the other, because this is a performance that has been going on for many years. At no point in the three-year period does it appear that business paid much attention to anything but the inflationary trend here at home.

Now business must calculate on a steady creeping toward a war economy and everything that goes with it. Naturally there is an inclination to go back and see what happened before but there are many points at which the situation today is sharply different from 1941.

The financial burden of anything we do now will be piled on top of a debt of \$253 billions compared with \$55 billions in June 1941.

The Communist defeat in Italy is one more of the crowded events of the last few months in the not-so-cold war, as was the attempted sabotage in Bogota



Our annual budget today is about \$40 billions compared to \$13 billions in the fiscal year 1941.

Another difference is that our opposition this time is more firmly entrenched in our midst. In other words we have some homework to do and the "Voice of America" could well be beamed back here now and then.

Allocations, priorities, shortages and controls of other kinds are all part of the picture if a genuine rearmament program gets under way, but one of the greatest shortages that business is suffering under today is a lack of information about what is going on. Even those in positions of high authority these days are contradicting each other on the possibility or imminence of an actual war economy. Business must rely chiefly on guesses and rumors.

The effect of a rearmament program on bank investments will depend on how soon the Government is obliged to resort again to deficit financing.

The effect on loans will depend on whether the Government again resorts to making and guaranteeing loans and on the extent of controls over materials and manpower. Farmers, of course, have a considerable surplus to draw upon which was not the case in 1940 and 1941.

## The Consumer's Attitude

The Consumer Credit Committee of the American Bankers Association recently interviewed by mail about 60 authorities in this field throughout the country. More than half of them said retail inventories were too high and all the rest thought the situation was about right. It is significant that none thought they were low.

Twenty-six of these bankers said retail sales were declining, 25 said they were holding about equal to last year and only seven saw any increase.

In the wholesale field they were fairly evenly divided on the inventory question, with a majority saying that inventories were moving satisfactorily.

Asked about collections, both wholesale and retail, 47 out of 56 said they were slowing up.

Consumer resistance was quite generally reported and the principal reason cited was high prices.

Only six expected business in the next six months to be better than last year. Thirty-one expected a decline.

WILLIAM R. KUHN

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